THE WORKERS' COMPENSATION BOARD OF ONTARIO

1989 ANNUAL REPORT

TOGETHER WE'RE GOING TO WORK.

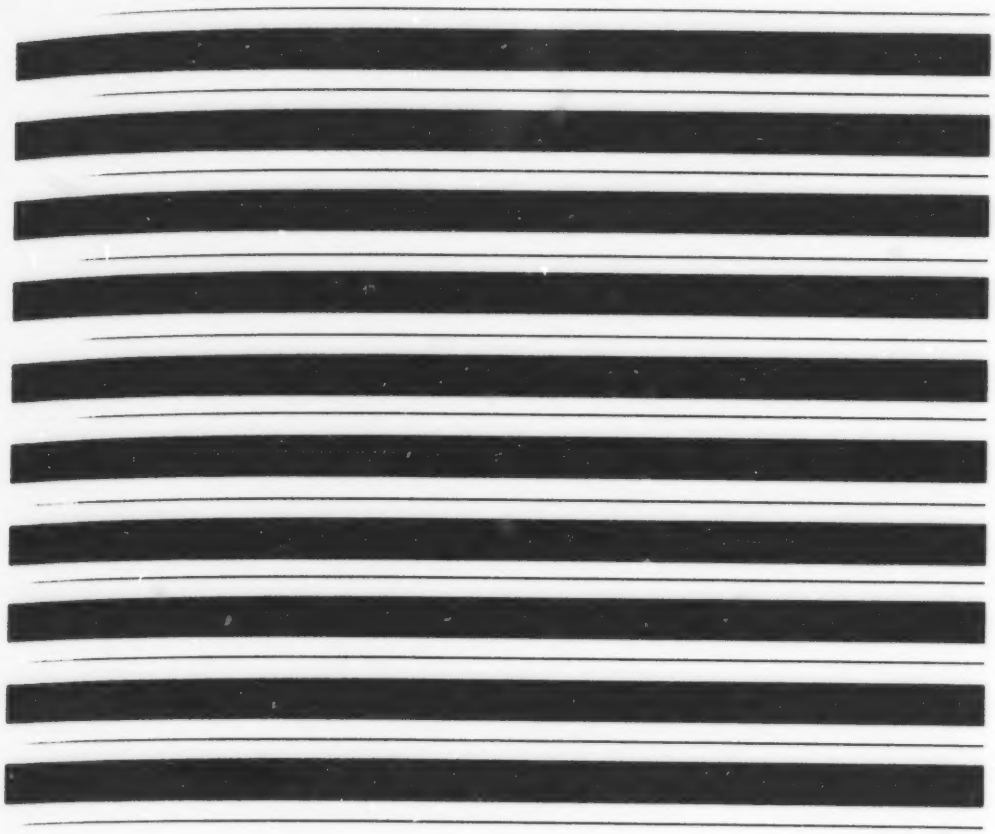
Cover: John Mulcahy, once an injured worker and now plant superintendent of a water heater company and a key figure in the Board's recent Bill 162 advertising campaign, discusses workplace ergonomics with Kathleen Walsh, WCB ergonomics consultant, while Roger Albrecht (left) and Earle Rose work in the background.

91-01288/

The Workers' Compensation Board (WCB) is a statutory corporation created by an Act of the Ontario Legislature in 1914. It is responsible for administering the *Workers' Compensation Act* and Regulations of Ontario. The Board raises funds from the province's employers in order to provide compensation to workers who are injured on the job or who contract an occupational disease.

Compensation includes payment for loss of wages that may result from the injury or disease, economic loss and/or non-economic loss awards for permanent disability, payment of health care expenses, a wide range of vocational and medical rehabilitation services, retraining programs, and survivor benefits in the case of a fatality. The Board also sponsors a range of accident prevention activities.

LE OF CONTENTS



Si vous désirez obtenir un exemplaire du Rapport annuel de 1989 en français, veuillez vous adresser à la
Commission des accidents du travail,
Direction des communications
2, rue Bloor Est
Toronto (Ontario)
M4W 3C3
(416) 927-3500

IRMAN'S MESSAGE

Robert G. Elgie

A number of events during 1989 have made this a particularly important year in the life of the workers' compensation system in Ontario. It was a unique year in that it provided us with an opportunity both to reflect on the evolution of workers' compensation in this province and, at the same time, to be a part of that system when wide-ranging amendments to the *Workers' Compensation Act* were passed. From another perspective, and speaking particularly on behalf of all staff at the Board, it was also a year that saw the final stages of organizational and technological change that should be completed during the early part of 1990.

The celebration of the 75th anniversary of the passage of the first *Workers' Compensation Act* in Canada provided all of us with the unique opportunity to look at the odyssey of this important piece of legislation over the years. At the same time, in July of 1989, we witnessed the passage of major legislation amending the *Workers' Compensation Act*. Taken in conjunction with Bill 101, which primarily addressed issues of structure and process, these changes probably represent the most dramatic reform to the *Act* since its original introduction in 1914. The changes flowing from these most recent amendments will significantly change the way in which the Workers' Compensation Board addresses the issues of permanent partial disability and vocational rehabilitation, and it introduces, for the first time in this province, the legislative enactment of a time-limited right of a worker to return to his or her former employment.

Both the occasion of the 75th anniversary of the *Workers' Compensation Act* and the passage of significant amendments to the *Act*, have served to focus our awareness and our understanding of the issues and challenges of the next decade. This unique opportunity has also added renewed vigour to our continuing commitment to deliver the best possible programs and services to Ontario's workers and employers.

The occasion of the 75th anniversary of the passage of the Ontario *Workers' Compensation Act* was commemorated through a major Symposium on workers' compensation issues that was hosted by the Board in Toronto this past fall. That Symposium brought together a number of experts in the field of workers' compensation – individuals who

have, directly or indirectly, helped to mold the system of compensation that we have today. It also gave us an opportunity to review the history of reform that has characterized the past 75 years, as society has endeavoured over the years to bring greater fairness and equity to workers who suffer workplace injuries or illnesses.

The Symposium also provided an appropriate occasion to present the Board's first annual Meredith Medals. Medals were awarded to Paul Weiler, Professor of Law at Harvard University, who has contributed so much to the background work that led to the reform process of the 1980s in Ontario; and to the Honourable Gregory Sorbara, the former Ontario Minister of Labour, who introduced and shepherded Bill 162 through the Legislature. The Meredith Medal is named after Sir William Ralph Meredith, a legislator and subsequently Chief Justice of the Supreme Court of Ontario, whose far-reaching proposals were implemented in the Ontario *Workers' Compensation Act* of 1914. The Meredith Medal will be presented annually to individuals who have made an outstanding contribution to the workers' compensation system in this province.

At this time, I would also like to pay tribute to the members of our Board of Directors who, both individually and collectively, have made very significant contributions to the workers' compensation system and who display a degree of enthusiasm and commitment to workers' compensation that is truly commendable. They have devoted considerable time and effort to addressing some of the most critical and complex issues facing the compensation system today, all with a view to strengthening and improving that system during an era of challenge, change and renewal.

In 1989, Mr. James Goodison, representative of labour, and Mr. Fred Telmer, representative of employers, joined the Board of Directors to replace Mr. Clifford Evans and Mr. Charles Hantho.

The continuing members of the Board of Directors are: Mr. Joseph Duffy, Mr. David Mackenzie and Ms. Almerinda Rebelo, who are all representatives of workers; Mr. Stephen Hessian, Mr. Paul Richards and Mr. Michael Warren, who are all representatives of employers; and Dr. Maria Zorzitto, who is a representative of professional persons and the public.

It is with regret and sadness that I must note and report the death of one of our former members, Silvia Mecozzi, who passed away on November 16, 1989. Mrs. Mecozzi was a professional social worker who served on the WCB's first Board of Directors from November 1, 1985 to September 30, 1988.

During 1989, the Board made further strides toward the introduction and implementation of a range of new initiatives aimed at improving both the quality of our programs and our ability to better service the needs of our many clients and stakeholders. These initiatives

included both the medical and vocational rehabilitation strategies which are designed to assist workers to recover and return to employment sooner and more successfully; enhanced technology which will increase our effectiveness and efficiency in serving our various constituents; a new claims adjudication strategy to increase and enhance th service provided to our clients; and a new revenue strategy which aims at providing a fair and more equitable employer classification system while maintaining revenue neutrality.

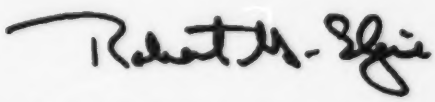
Nineteen eighty-nine has been a time of significant change – and with change there is an inevitable period of disruption. We are indeed fortunate to be staffed and served by a loyal, dedicated and committed group of employees – for they have made and are making it all possible. On behalf of the Board of Directors, I would like to express my sincere thanks to each and every one of them.

This year also brought to light some preliminary figures that suggest the possibility of an earlier retirement of the Board's unfunded liability. Initial estimates indicate that accident frequency rates decreased by roughly five to six per cent during 1989 and, if this improved performance is confirmed and maintained in future years, the unfunded liability would be retired by the year 2007 – some seven years earlier than had been expected.

As we continue over the ensuing years to endeavour to refine and strengthen the workers' compensation system, one cannot help but reflect on the long and heated debate that occurred over Bill 162 – a debate that has proven once again that issues surrounding the compensation of victims of workplace accident and disease are sensitive issues. Nevertheless, I believe that substantial progress has been made in Ontario in the last five years. The legislative and administrative reforms that have been introduced have been pervasive and have altered in a most fundamental way the manner in which the Board operates and will operate in the future.

We will continue to direct our efforts at providing a system that is humane, fair and open to new ideas. Above all, we will continue in our efforts to fulfil the goal envisioned by the founder of workers' compensation in Ontario, Chief Justice William Meredith.

On behalf of the Board of Directors,



Robert G. Elgie, Q.C., M.D., F.R.C.S.(C),
Chairman of the Board

[redacted]RD OF DIRECTORS

Seated (l. to r.): Stephen Hesslan, Maria Zorzitto, Robert Elgie, Alan Wolfson, David Mackenzie.
Standing (l. to r.): Michael Warren, Ronald Ellis, Joseph Duffy, Paul Richards, Fred Telmer, James Goodison, Almerinda Rebelo.

Robert G. Elgie, Q.C., M.D., F.R.C.S.(C)
Chairman of the Board

Alan D. Wolfson, Ph.D.
Vice-Chairman and President,
Workers' Compensation Board

Joseph Duffy
Business Manager and Secretary-Treasurer,
Provincial Building and Construction Trades
Council of Ontario

S. Ronald Ellis, Q.C.
Chairman,
Workers' Compensation Appeals Tribunal

• **James V. Goodison**
Grand Lodge Representative,
International Association of Machinists and
Aerospace Workers

• **Stephen S. Hesslan**
Resident Manager,
Domtar Inc.

David R. Mackenzie
Assistant to the National Director,
United Steelworkers of America

• **Almerinda M. Rebelo, C.S.W.**
Executive Director,
Parkdale Community Health Centre

Paul Richards
President,
Johns Scientific Inc.

Fred Telmer
President,
Stelco Steel

Michael G. Warren
Vice-President,
Johnson & Higgins Willis Faber Ltd.

Maria L. Zorzitto, M.D., F.R.C.P.(C)
Sunnybrook Health Science Centre

• *Audit Committee Member*

[redacted]

[redacted]GANIZATIONAL STRUCTURE

BOARD OF DIRECTORS

CHAIRMAN

VICE-CHAIRMAN & PRESIDENT

- Corporate Budget Analysis
- Accounting
- Treasury
- Pensions Administration
- Internal Audit
- Administrative Services
- Auxiliary Services
- Records Management
- Revenue: Collections & Audit
- Revenue: Employer Services
- Revenue: Classifications

- Human Resources
- Training & Development
- Employment Equity
- French Language Services
- Reinstatement
- Hearings
- Legal Services
- Clinical Resources & Consulting
- Medical Rehabilitation Services
- Vocational Rehabilitation Services

- Complex Case ISU (Diseases)
- Complex Case ISU (Injuries)
- Toronto West ISU
- Toronto South ISU
- Toronto East ISU
- Toronto North ISU
- Central Ontario East ISU
- Central Ontario West ISU
- Central Ontario South ISU

- Hamilton North ISU
- Hamilton South ISU
- Ottawa East ISU
- Ottawa West ISU
- Thunder Bay ISU
- Windsor ISU
- Sudbury ISU
- London ISU
- Central Ontario Construction ISU

- End User Applications
- Applications Development
- Data Centre
- Support Services

- Real Estate
- Bonds & Money Market
- Equities

- Strategic Policy
- Operational Policy
- Communications
- Medical & Occupational Disease Policy
- Research & Evaluation
- Planning & Analysis
- Corporate Data
- Actuarial Services

[redacted]

CUTIVE COMMITTEE

(l. to r.): Cindy Morton, Senior Vice-President, Strategic Policy and Analysis; Alan Wolfson, Vice-Chairman and President; Sam Van Clieaf, Senior Vice-President, Professional Services; Robert Elgie, Chairman; Linda Angove, Secretary of the Board; Mike Czetyrbok, Senior Vice-President, Regional Client Services; Elizabeth Kaegi, Senior Vice-President, Central Client Services; (kneeling) Robert Coke, Senior Vice-President, Finance and Administration.

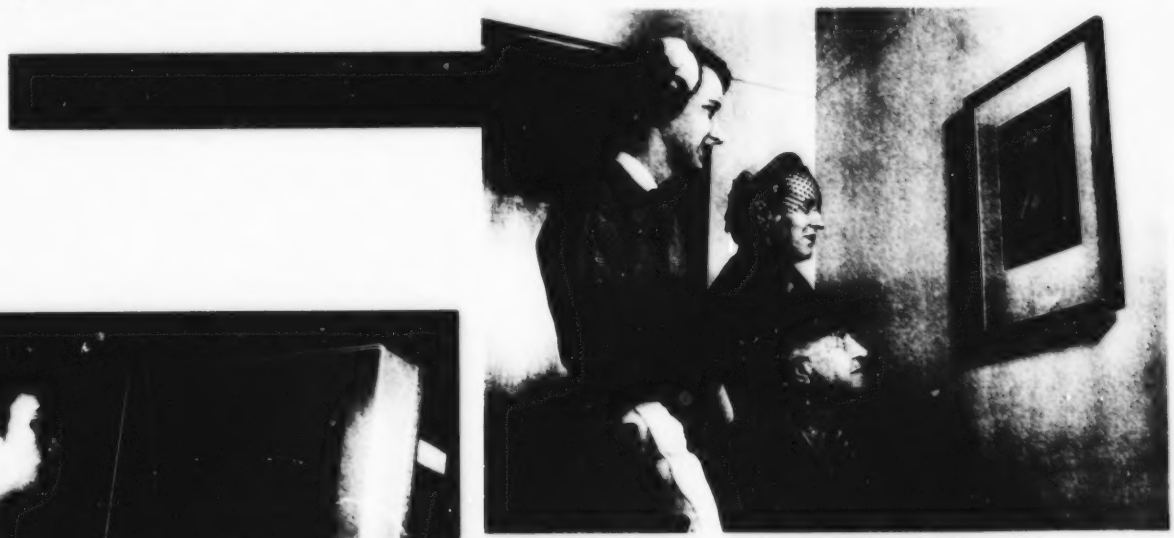
AN HISTORICAL PERSPECTIVE

The Workers' Compensation Act

neteen eighty-nine
rked the 75th
iversary of a
ior event in the
lution of social
icy in Ontario:
passage of the
t Workers'
mpensation Act
ts kind anywhere
Canada.

The *Workers' Compensation Act* received royal assent in the Ontario Legislature in 1914. A year later, the then-named Workmen's Compensation Board opened its doors with 56 employees and handled some 9,829 claims during the year. In 1989, the Workers' Compensation Board (WCB) had more than 4,500 employees province-wide, received approximately 465,000 claims and paid out almost $1.8 billion in compensation benefits. Over this 75-year span, far more than numbers has changed. The *Act* has been amended several times to introduce important changes to the province's compensation policy and law.

During the early 1900s, industrial accidents in Ontario were climbing at an alarming rate and there was no legislation in place to protect workers. In 1910, as labour pressed for safer working conditions, the Government of Ontario appointed Sir William Ralph Meredith, who later became a Chief Justice of Ontario, to head a Royal Commission on workers' compensation. Following extensive research in Europe and North America, Meredith drafted a report which became the basis of the *Act*.



Under the scheme Meredith proposed, employees gave up the right to sue their employers. A compulsory, publicly administered, collective liability system was established with revenue raised from employer assessments. Benefits would be paid out of this fund to injured workers as protection against income loss due to industrial injuries and diseases, irrespective of fault. Provisions to promote health and safety in the workplace were also included.

The basic principles established by Meredith have remained uncharged since the inception of the Workers' Compensation Board, although important additions have been made:

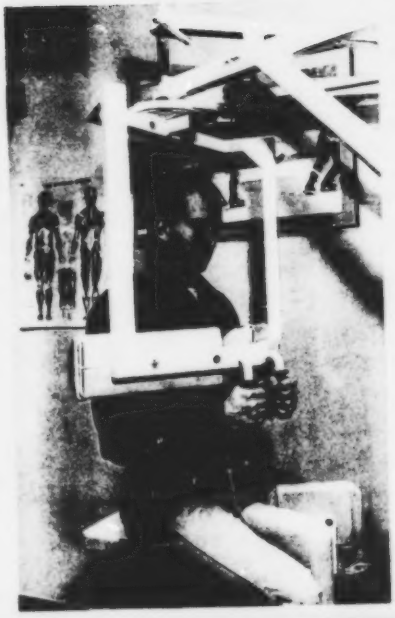
1917 – The *Act* was amended to authorize the Board to pay for medical services.

1924 – A Section of the *Act* giving the Board responsibility for vocational rehabilitation was added.

1942 – The pension section was repealed and re-enacted and a number of significant changes were made to the permanent disability section of the *Act*.

1953 – The first experience rating plan was introduced, whereby the WCB issues refunds or surcharges to firms on their initial assessment, depending on the individual firm's accident cost experience.

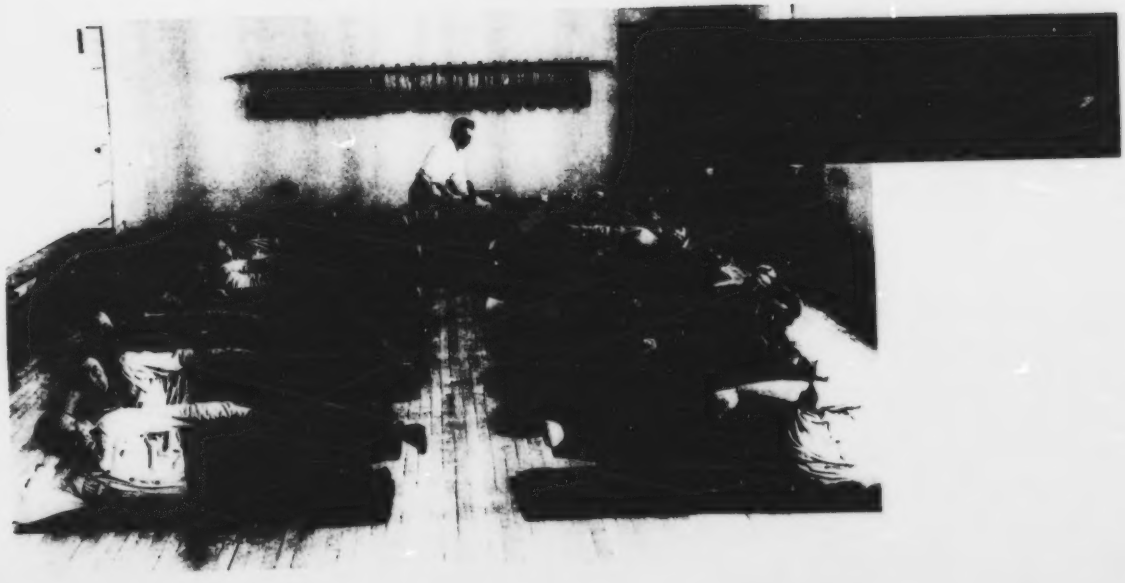
1963 – The definition of accident was expanded to include "disablement arising out of and in the course of employment."



1984 – Bill 101 brought major changes to benefits for injured workers, the administrative structure of the WCB, and the establishment of four independent new bodies: the Workers' Compensation Appeals Tribunal, Offices of the Worker and Employer Adviser, and the Industrial Disease Standards Panel.

1989 – Bill 162 introduced the dual-award system (compensation for economic and non-economic loss), improved vocational rehabilitation and re-employment provisions.

Over the years, the *Act's* evolution has involved extensive collaboration among numerous groups – including WCB staff, organized labour, injured workers and injured worker groups, employers and business organizations, government officials, members of the Legislature, and members of the health care and legal communities. In the years ahead, the workers' compensation system will continue to be guided by the goal expressed by Sir William Ralph Meredith: "Justice humanely administered".



[redacted]ESIDENT'S REPORT

Nineteen eighty-nine marked the 75th anniversary of the Ontario *Workers' Compensation Act*. This historic year was a time for the Workers' Compensation Board (WCB) to reflect on the evolution of compensation policy and practice, and the key role played by the Board over the years in developing and improving Ontario's workers' compensation system. Nineteen eighty-nine was also a milestone year for Ontario in the development of compensation law and in the implementation of a range of interrelated Board strategies.

The passage of Bill 162 introduced the most significant changes to the *Workers' Compensation Act* since 1914, including changes to the way workers with permanent disabilities will be compensated, and new re-employment rights for injured workers in the province. Consistent with the goals of Bill 162, the WCB took important steps toward the full implementation of its vocational and medical rehabilitation strategies, including the announcement of the Ontario Workers' Compensation Institute. It is also noteworthy that 1989 saw the groundwork laid for a new Revenue Strategy, to create a more responsive and equitable employer classification and assessment system. A number of technological initiatives were undertaken, highlighted by Canada's first large-scale Image Processing system, a move towards a paperless office. Finally, the Board held a Symposium to mark 75 years of compensation law and practice.

The Board's coat-of-arms, developed in 1966, contains three interconnecting links. These links represent – as does the cover photograph of this Annual Report – the Board, employers and workers, and the sense of unity which must prevail among them if Ontario's workers' compensation system is to operate effectively. In 1989, the WCB marked 75 years during which the fostering of this critical, three-way partnership has been paramount in the daily conduct of Board business.

The WCB's recently-adopted public message, "Together We're Going To Work", summarizes the commonality of goals and the co-operative effort which the Board will continue to reinforce among its many clients, stakeholders and its own staff, as the Board embarks on a challenging new decade.

The coat-of-arms of the Workers' Compensation Board includes three links of chain representing the Board, workers and employers.

THE WORKERS' COMPENSATION ACT

The *Workers' Compensation Act*, enacted in 1914, was based on a report written by Sir William Ralph Meredith. Over the past 75 years, this *Act* has been amended many times. Today, however, the *Act* still reflects Meredith's goal of "Justice humanely administered".

The WCB's statutory mandate is to administer the *Act*, which has four interrelated central principles: First, the *Act* provides workers with no-fault insurance protection against the financial impact of workplace injuries and diseases. Second, it requires employers to share compensation costs on a

Kevin Benders (centre), a WCB worksite analyst, shows Mohammed Ansari, a re-employed injured worker, the safest way to empty a heavy bag of milk mix into the mixing machine, while Cathie Farrell, The Becker Milk Company's quality control manager, looks on.

collective liability basis and provides them with protection from legal actions arising out of workplace injuries. Third, the *Act* authorizes the Board to provide medical and vocational rehabilitation to mitigate the effects of injuries and to promote early return to work and regular activities. Finally, the *Act* authorizes the support of health and safety education programs and the provision of financial incentives to reduce the occurrence of workplace accidents and diseases.

BILL 162

Bill 162, *An Act to amend the Workers' Compensation Act*, received royal assent in the Ontario Legislature on July 26, 1989. This legislation is the most dramatic and sweeping reform of the *Workers' Compensation Act* since its inception in 1914. Bill 162, which was proclaimed and fully effective on January 2, 1990, has two major thrusts: a dual-award system and reintegration of the injured worker into the workforce.

Immediately following royal assent, transitional provisions were implemented. More than 22,000 current recipients with permanent injuries whose pensions did not adequately make up for their loss of earnings capacity are entitled to supplementary payments. Workers injured prior to the proclamation of the legislation were notified that their permanent pensions are unaffected by Bill 162.

The dual-award method is the new system for compensating workers who are permanently impaired as a result of workplace illness or injury. Unlike the old compensation method, the dual-award system is not based on a clinical rating schedule and does not calculate compensation levels solely on the basis of the degree of physical impairment. Ontario workers experiencing a job-related injury or illness may now be eligible for one or both types of compensation awards.

One award will compensate workers for their estimated economic loss – their future loss of earnings, thus in keeping with Meredith's original view that the "amount of compensation should have relationship to the earning power of the injured workman." The other award will compensate workers for their non-economic loss – their loss of enjoyment of non-work-related aspects of life.

In laying the groundwork for the implementation of the economic/ non-economic loss provisions, nearly 14,000 injured workers participated in a province-wide Board survey during 1989. Results will be used to facilitate the implementation of the dual-award system and to develop new adjudication guidelines and procedures.

The legislation also focuses on the reintegration of injured workers into the workforce earlier and more successfully through timely and effective vocational rehabilitation. It places an obligation on most employers to re-employ injured workers who have at least one year of continuous service. The Bill also requires employers to continue contributing to a worker's benefits for up to one year after the date of accident. The Board has set up a Reinstatement Branch to mediate and adjudicate these provisions.

MEDICAL AND VOCATIONAL REHABILITATION STRATEGIES

During 1989, the WCB continued its implementation of the new medical and vocational rehabilitation strategies.

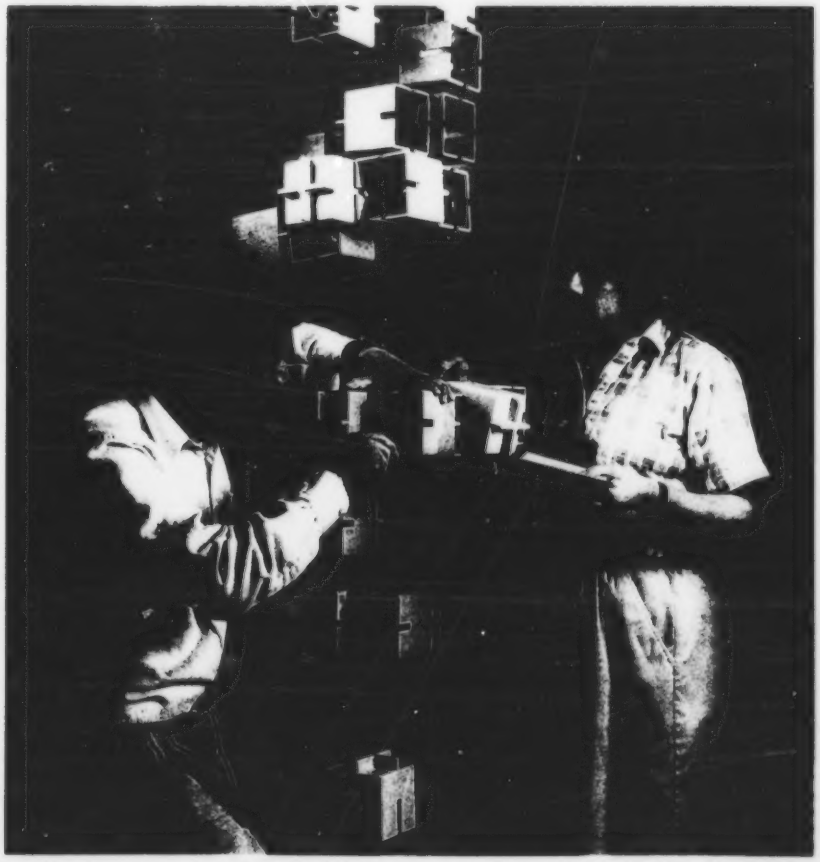
The Medical Rehabilitation Strategy emphasizes community-based, early, active rehabilitation treatment and medical assessment in order to get workers into appropriate programs sooner and more successfully. It is based on an interrelated, three-tier system of service delivery.

Community clinics across the province provide active physical therapy programs for workers with soft-tissue injuries. During 1989, the Board selected and contracted with 69 community clinics to provide treatment to injured workers, and by year's end, 90 per cent were operational.

Regional Evaluation Centres (RECs) provide multi-disciplinary health care assessments and functional abilities evaluations of workers whose recovery is prolonged and whose return to work is more difficult than usual. These centres will also provide consultative services to community clinics. During 1989, 11 regional evaluation centres were selected throughout Ontario.

The Ontario Workers' Compensation Institute, which opened in December 1989, is the first facility of its kind in North America. This Institute was established to conduct research related to occupational injuries and rehabilitation. In a co-operative effort, it will develop and monitor quality standards for community clinics and regional evaluation centres and also assist in training and program development.

The Institute is a consortium consisting of the WCB, Chedoke-McMaster Hospitals in Hamilton and Sunnybrook Health Science Centre in Toronto, in affiliation with, respectively, McMaster University and the University of Toronto. The WCB, which has representation on the Institute's Board of Directors, provides funding.



Sue Hannan, occupational therapist at the Regional Evaluation Centre, Oshawa General Hospital, administers a functional abilities evaluation to client Stephen Chan, who attempts to put together the "assembly tree", a workstation which challenges perceptual, analytical and mechanical skills.

Larry George (centre), placement adviser at the London Regional Office, and employer Stella MacLachlan, general manager of White GMC of London, review re-employment papers with Kimble Kirschner, an injured worker recently hired as a warranty administrator by White GMC.

The Vocational Rehabilitation Strategy, which is fully consistent with the new legal requirements stipulated in Bill 162, was designed to reintegrate injured workers into the workforce earlier and more successfully. The strategy was piloted in the Board's Toronto West and Central Ontario South Integrated Service Units (ISUs) and in the London Regional Office. It involves close co-operation among the injured worker, the employer, the treating physician and the Board caseworker – a newly created position. On January 1, 1990, the strategy was implemented province-wide.

Under the new strategy, and in keeping with Bill 162, injured workers are contacted by the Board no later than 45 days after a claim is registered to assess their need for vocational rehabilitation services. For those injured workers who have not returned to employment within six months, the Board will offer a vocational rehabilitation assessment. Where necessary, additional medical rehabilitation is also offered. The strategy's primary goal is to re-establish workers' pre-accident earnings profiles by getting them back to their pre-injury jobs or finding them comparable work with the accident employer.

Full implementation of both the medical and vocational rehabilitation strategies is expected to increase the Board's expenditures by more than $50 million per year. These costs, however, are expected to be more than offset by savings associated with reduced duration of disability, quicker return to work and reduced likelihood of permanent impairment.

WCB Chairman, Dr. Robert Elgie, addresses a group of employers on current initiatives at the Board.

REVENUE STRATEGY

A new Revenue Strategy was approved by the Board of Directors in November 1989. The goal of this strategy is to create a more modern, responsive and equitable employer classification and assessment system, while maintaining revenue neutrality.

Key strategy proposals include the development of a new employer classification model, the introduction of additional collective liability principles, modifications to assessment billing and payment methods, more aggressive registration, audit and collection procedures, and a new approach for calculating assessable earnings.

To ensure the successful implementation of the new classification system, the Board of Directors has approved a general rate freeze for the 1991 assessment year. For most employers, assessment rates will be frozen at 1990 levels. This freeze will allow the WCB and the employer community to focus resources on refining the new strategy.

In developing the Revenue Strategy, the Board undertook a comprehensive consultation process with employer groups, which will continue during 1990. Two consultation advisory groups, one consisting of employer representatives and the other comprising labour and injured worker representatives, will be established to provide input on further development of the strategy.

In 1989, the Board published the first two issues of *Revenue Bulletin*, a quarterly publication which provides information to all Schedule 1 employers about the revenue and assessment process.

Rick Ouellette, WCB labour-management consultant, discusses modified work programs with employers attending a New Experimental Experience Rating (NEER) workshop.

UNFUNDED LIABILITY

While the Revenue Strategy was being refined, the Board continued to monitor its unfunded liability – the difference between the present value of its liabilities and its assets. Over the past five years, the WCB has implemented a sound long-term funding strategy to address this issue. There is considerable evidence to suggest that this approach is working successfully.

Allowed lost-time accidents occurring in 1989 have decreased by approximately four per cent with respect to the corresponding statistic for 1988. It also appears that the covered workforce increased by almost two per cent in 1989. The combination of these two changes caused the overall accident frequency rate for 1989 for Schedule 1 employers to decrease by almost six per cent.

If this new accident frequency rate holds firm, and average costs per claim are maintained at their recent level, the unfunded liability, excluding the impact of Bill 162, is projected to peak at about $8 billion in about three to four years. This would be about $2 billion lower than the previously forecast $10 billion peak in about the year 2000.

The Bill 162 transitional supplement provisions will add under $1 billion to this unfunded liability projection, with the associated costs expected to be matched by a corresponding reduction in other ongoing benefit expenditures.

Earlier forecasts had projected total elimination of the unfunded liability by the year 2014, in line with the Board's long-term financial strategy. If the 1989 accident performance is maintained over the long term, it could result in elimination of the unfunded liability seven years earlier – by the year 2007.

EXPERIENCE RATING PROGRAMS

A reduction in accidents can lead to positive financial results not only for the compensation system generally, but also for individual employers. The Board continues to operate various experience rating programs, which issue refunds or surcharges to firms on their initial assessment, depending on the individual firm's accident cost experience.

By providing financial incentives, experience rating helps to improve workplace health and safety conditions and thus reduce the frequency, seriousness and disabling consequences of work injuries. Moreover, these incentives encourage employers to participate actively in vocational rehabilitation programs in order to help injured workers return to the job. In this sense, experience rating helps to reinforce the provisions of Bill 162.

In the spring of 1989, the Board initiated a year-long evaluation project to assess the effectiveness of the Board's experience rating programs, with particular emphasis on the New Experimental Experience Rating (NEER) plan. During the year, five new rate groups joined NEER, bringing NEER-rated employer groups to a total of 22, while 12 others are currently examining the possibility. In addition, a revised NEER formula was introduced, resulting in refunds and surcharges, each of approximately $61 million.

In 1989, the Board developed and implemented a vigorous communications strategy to raise understanding and acceptance of the plan among current and prospective NEER employers. A telephone survey of approximately 500 NEER employers, conducted in October 1989, demonstrated empirically that the campaign had played a positive role in raising awareness levels.

WORKWELL

Like Experience Rating, the Workwell Program focuses on workplace safety, requires co-operation between the WCB, employers and workers, and offers awards. This program was implemented by the Board in 1989 on a pilot project basis. Workwell staff at the WCB conduct occupational health and safety audits of firms which have nominated themselves for Workwell rebates. Firms found to have poor safety practices may be assessed penalties under Section 91(4) of the *Act*, while firms with excellent performance records may be awarded rebates under Section 91(6).

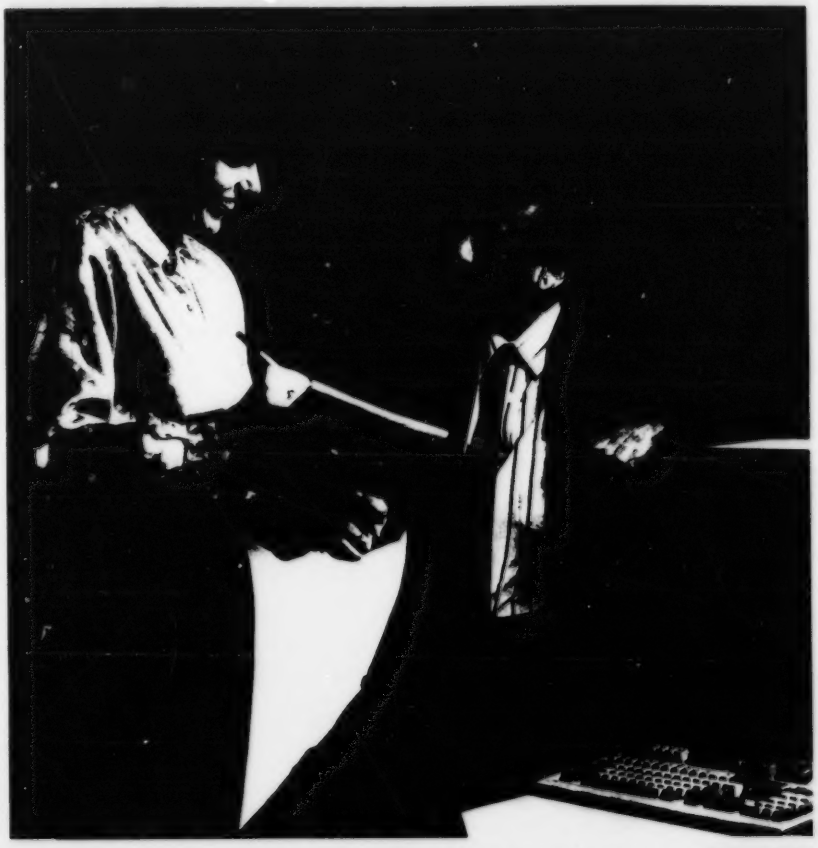
The Section 91(4) portion of Workwell has been approved as a permanent program by the Board. The Section 91(6) portion is to be continued as a pilot project for a further 12 months, with an evaluation report due by the end of 1990.

CLAIMS ADJUDICATION STRATEGY

While financial programs offer incentives to employers, the Board's new Claims Adjudication Strategy optimizes the efficiency and equity of adjudication. After careful study, the Board of Directors approved the strategy in August 1989. A pilot was implemented in the Central Ontario East ISU during the year and full implementation will occur in 1990.

The strategy calls for significant changes in the way the Board adjudicates claims. These include case co-ordination, cyclical case review, performance standards, quality assurance, and the creation of new adjudication specialties. The most important change is the introduction of adjudicator assistants to conduct information-gathering, client contact, as well as clerical and less complex adjudication duties. With the help of assistants, claims adjudicators can devote more time to case analysis, decision-making and communicating decisions.

The strategy also enhances the salary system and career path of adjudicators in recognition of the new role of the adjudicator and to encourage experienced staff to remain in adjudication.



Lillian Augustowski, junior entitlement adjudicator in Central Ontario East ISU, discusses assignments with Wally Razack, adjudicator assistant.

TECHNOLOGY TO IMPROVE SERVICE

To support the claims adjudication process, the implementation of Image Processing Technology was commenced at the Board during 1989. This system will replace the paper claim file with an electronic copy which can be reviewed from any of 600 image workstations across the province. Since all imaged claims are instantly available, WCB employees in different areas can work together simultaneously on the same claim. As a result, the claims process is more efficient and client enquiries are better handled.

The system also automates the distribution of incoming mail to the Board in a way that increases efficiency and control – and virtually eliminates the delays and costs associated with paper reproduction, transfer, storage and retrieval. Over time, Image Processing will create an essentially paperless claims adjudication process.

During 1989, Image Processing was implemented in the Central Ontario East Integrated Service Unit and the Hamilton Regional Office. Imaging will be introduced in the remaining ISUs and regional offices during 1990, making the system the second largest of its kind in the world.

In 1989, the Board implemented a new Claims Registration System (CRS), which will speed up the process of registering claims. Working jointly with CRS is the new Workers' Benefit System (WBS), also implemented in 1989. This system was developed to replace the Board's previous payment method. WBS automates, and therefore accelerates, the payment process and provides timely, on-line information for the management of claims. Enhancements to WBS will be made in 1990 to accommodate requirements of Bill 162 and the 1989-approved payment of interest on delayed benefits.

IMPROVED COMMUNICATIONS AND CUSTOMER SERVICE

A top priority during 1989 was the Client Contact Project, initiated to examine various options to improve the Board's telephone service. The WCB began implementing an automatic telephone-answering system in 1989. An automated payment hotline was also piloted with good results and full implementation across the province will be completed by mid-1990. As well, improved call routing was explored and new technology was introduced to improve our ability to monitor and manage telephone service levels.

The Corporate Communications Strategy was approved by the Board of Directors in October 1989. This document defines the strategic direction for the Board's communications activities, both internally and externally, ensuring public information services congruent with client and stakeholder needs of the 1990s.

In February 1989, the Ontario French Language Services Commission approved the Board's *French Language Services Act* implementation plan. This plan outlined the accomplishments already achieved by the Board and charted a strategy to improve those areas in which French services were lacking. During the year, a bilingual file system was initiated in the Ottawa and Sudbury Regional Offices – and the Board's internal telephone directory was updated to identify staff with French-speaking capability.

In 1989, the WCB also created a Freedom of Information Secretariat.

INITIATIVES FOR STAFF

Along with the many accomplishments achieved for its clients – the injured workers and employers of Ontario – the Board introduced new initiatives for staff during 1989.

Integral to the implementation of the Board's Employment Equity Program was the development of a data base to facilitate the ongoing demographic analysis of the Board's workforce.

Similarly, a Pay Equity Survey was completed to derive information necessary to the development of a plan to meet the Board's obligations under the *Pay Equity Act*. The results of this survey were utilized to put into place a comprehensive Pay Equity plan.

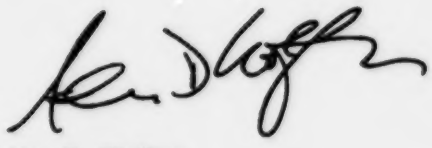
ORGANIZATIONAL CHANGES

The Board conducted an evaluation of the Integrated Service Units (ISUs) and regional offices during the year to determine service effectiveness. The study confirmed that the ISUs – which have been in place for over two years – have improved operational efficiency in returning injured workers to work. Therefore, in 1990, the ISU structure will be introduced in all regional offices, thus integrating the Board's approach to case management on a province-wide basis.

The integration of regional services and the new Claims Adjudication Strategy have led to the development of a new Integrated Service Unit model. Some features of the new model are applicable to management throughout the Board and have been included in the Board's 1990 Corporate Realignment Plan. This plan is expected to improve the organization of existing functions and programs within all Board divisions, and is scheduled for full implementation during the summer of 1990.

Under the new structure, the Board will consist of seven divisions, each with its own specific focus and expertise: Central Client Services, Regional Client Services, Professional Services, Finance and Administration, Strategic Policy and Analysis, Information Services, and Investments.

As the Workers' Compensation Board enters a new decade, it takes with it past experience, current plans for progress and the commitment to ensure that the Board, workers and employers throughout Ontario will continue to work together in the delivery of an effective and responsive workers' compensation system.

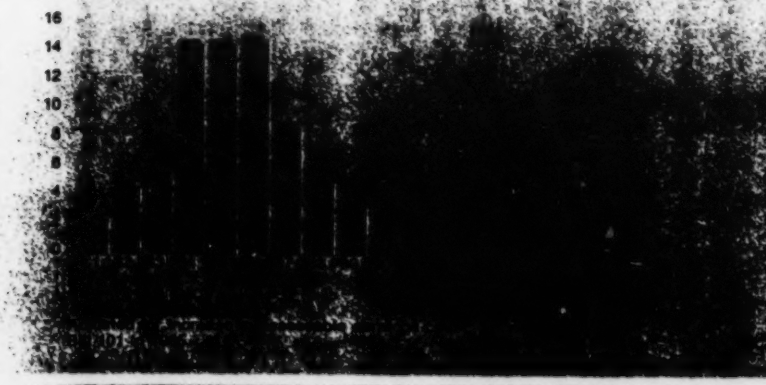


Alan D. Wolfson
Vice-Chairman and President

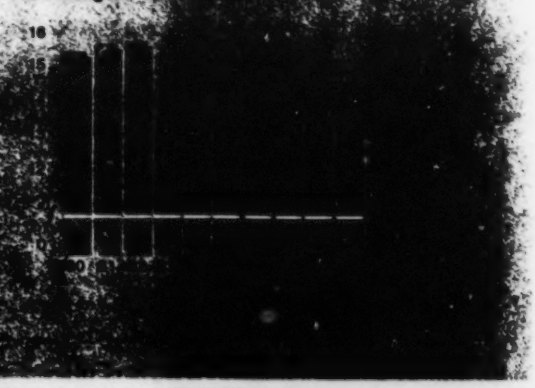
The Board has undergone major systems development in 1989. As a result, changes in the way claims and benefits are now recorded have made it difficult to compile statistics consistent with those reported in previous years. Accordingly, a separate statistical report is being prepared and will be published later in the year.

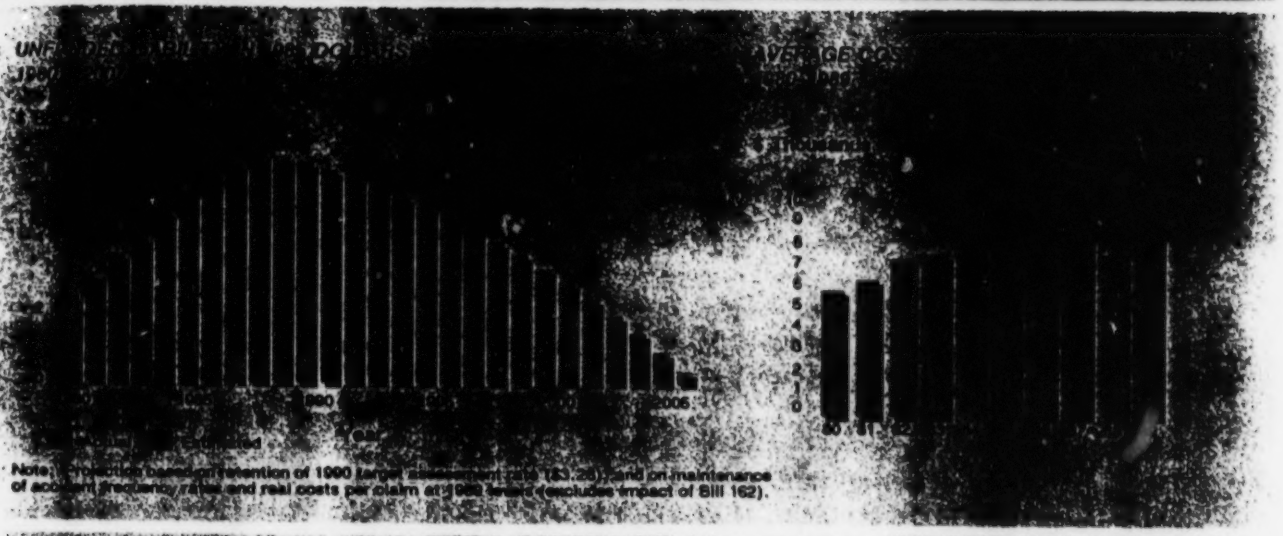
CTS AND FIGURES

PER CENT CHANGE IN THE AVERAGE RATE OF ASSESSMENT - SCHEDULE 1, 1981-1990

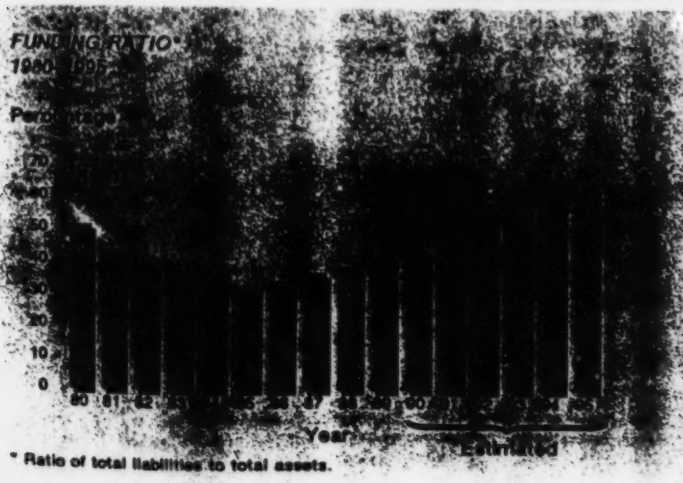


PERCENTAGE OF ADMINISTRATION TO TOTAL EXPENSES - SCHEDULE 1, 1980-1989



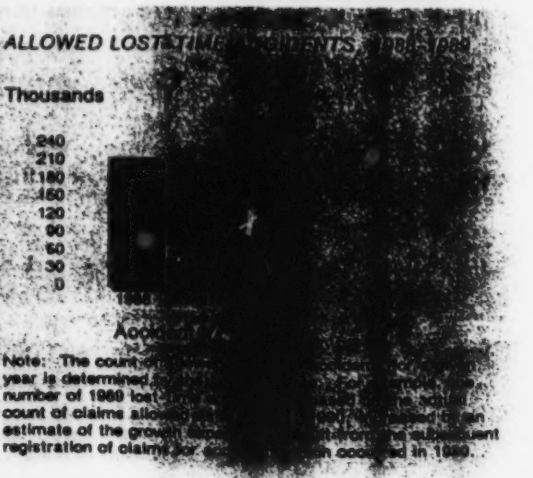


Note: ... based on prevention of 1990 target assessment rate (83.28) and on maintenance of accident frequency rates and real costs per claim at 1989 levels (excludes impact of Bill 162).



* Ratio of total liabilities to total assets.

ALLOWED LOST-TIME ACCIDENTS, 1980-1989



Note: The count ... year is determined ... number of 1989 lost ... count of claims allo... estimate of the growth ... registration of claims for ... accepted in 1989.

KERS' COMPENSATION BOARD
NCIAL REPORT

Year Ended December 31, 1989

- *Statement of Income and Expenses* 33
- *Auditor's Opinion* 34
- *Balance Sheet* 35
- *Consulting Actuary's Report* 36
- *Statement of Changes in Financial Position* 37
- *Notes to the Financial Statements* 38

NCIAL REPORT

The Workers' Compensation Board (WCB) raises funds from Ontario employers to compensate workers for work-related injuries.

Statutory obligations require that the Board cover two groups of employers:

Schedule 1, the majority of the employers, who are insured through collective liability, and Schedule 2, who are self-insurers, whose costs are administered for them by the Workers' Compensation Board.

The following comments constitute management's discussion and analysis of the Board's 1989 results, and will assist the reader in understanding the WCB's financial statements:

HIGHLIGHTS

Three major issues stand out in the Board's 1989 results:

- the successful continuation of the Board's financial strategies and the resulting very significant excess of cash receipts over cash payments (a positive net cash flow of $830 million), which represents funds invested in order to ensure the Board's ability to pay the costs of future benefit payments.
- a decline in reported lost-time injuries (down slightly at 206,600 against 215,186 for 1988).
- the one-time impact of the Ontario Government's new legislative changes, namely a $630 million charge as a result of the passing of Bill 162.

Overall results are as follows:

		($ millions)	
• Income	$ 3,087	$ 2,693	+ 14.6%
• Total Awards & Expenses	3,267 *	3,198 *	+ 2.2%
• Assets	5,650	4,641	+ 21.7%

* *As amended – to remove distortions caused by both years' special charges, in order to be more comparable.*

FINANCIAL POSITION

The Board's assets ($5.7 billion) increased by 22% over 1988, the major change being marketable investments ($4.6 billion) which increased 18% compared to 1988.

While total liabilities ($14.1 billion) rose by 18% over the past year, this would have been 13% if the impact of Bill 162 were excluded.

While total liabilities continue to exceed total assets (giving rise to the existence of an "unfunded liability"), **the WCB is financially sound, and able to meet all foreseeable future obligations because:**

- Annual revenues far exceed annual cash payments, and this is expected to continue.
- 1989 revenues more than cover the total cost of 1989 claims.
- While the overall size of the actuarial liabilities is substantial ($13.8 billion), only a small portion of this is expected to fall due for payment in the next few years. In each of those years, it is expected that these liabilities will be covered by our revenues and, therefore, existing assets are expected to continue to grow.
- The Board's published strategy to eliminate the unfunded liability by the year 2014 is in place, and is in fact already running well ahead of that target.

The statement of income and expenses for 1989 injuries, below, demonstrates that 1989 revenues were well in excess of 1989 awards and expenses, for Schedule 1 employers:

[redacted]

($ millions)

INCOME		
Employer Assessments*		$ 2,191
Investment Income		44
		$ 2,235
EXPENSES		
Awards		
• Benefits Paid	346	
• Provision for increase in the estimated present value of future payments to existing claimants	1,514	
	1,860	
Administrative & Other	282	$ 2,142
EXCESS OF INCOME OVER EXPENSES		$ 93

* *Excludes the $292 million collected from employers for their 1989 payment (surcharge) towards retiring the unfunded liability.*

[redacted]

The WCB's unfunded liability is being retired by applying a share of the money it collects from employers as assessments, which is in excess of costs for current claims.

A significant new trend was that claims declined in 1989. Workplace injuries involving lost time declined about four per cent last year after they had increased steadily for five years.

Contributing to the decline in injuries were several factors, which are still being analyzed.

This decline could potentially have major, long-term financial effects on the workers' compensation system. If this improved performance is confirmed by subsequent data and maintained in future years, the effect on the Board's financial picture would be substantial and positive.

RESULTS OF OPERATIONS

In 1986 and 1987, the Board decentralized over one-third of its claims management activities from head office to the regional offices with the result that about half of all claims are now handled by the regional offices. In 1989, 51.9% of claims were handled by head office Integrated Service Units (ISUs) and 48.1% were handled by regional offices.

In 1989, the WCB continued to see a **large positive net cash flow** of $830 million. This cash flow, which has been invested, is the result of two principal factors:

- Timing differences

  WCB assessment rates are established to cover the full expected cost of current year's claims: current year's claims involve not only current payments but also the significant future payments which are expected to be required.

- Inclusion of a surcharge

  WCB assessment rates have been increased during the past five years by a surcharge, in a planned strategy to fully fund total liabilities over a period of thirty years.

However, on an accrual basis, comparing (a) the expected total cost for 1989 claims (i.e. payments made plus payments expected to arise in the future, when all costs are in), plus payments made in 1989 on prior year claims, plus increases in liabilities on prior year claims, with (b) the total revenues the Board collected, the result is an excess of claims benefits and expenses over income, by an amount of $1,119 million ($489 million after excluding the impact of Bill 162).

INVESTMENTS

The Board observes a conservative investment policy to protect the interests of both injured workers and employers.

Current guidelines of this policy are:

- **Meet** all legislative requirements.
- **Maximize** return within acceptable risk.
- **Emphasize** cash management; matching investment activity with the Board's day-to-day cash flows.

The Board maintains a diversified portfolio, including federal and provincial government securities, as well as corporate bonds, stocks, and real estate investments, thereby reducing the risk of over-exposure in any one area.

Relative percentages (at book value) are:

Long-Term Investments						
• bonds						
– government	38	37	29	27	30	27
– corporate	27	35	39	35	27	25
• equities						
– Canadian	–	–	3	4	12	19
– U.S.	–	–	2	3	3	3
– Global	–	–	–	–	–	9
• real estate and mortgages	23	21	19	15	15	14
Sub-total	88	93	92	84	87	97
Short-Term (money market instruments)	12	7	8	16	13	3
	100	100	100	100	100	100

In 1989, the Board continued to increase the portion of its portfolio invested in equities. Two new equity funds were established in Europe and the Far East, and the existing equity holdings in Canada and the U.S. were expanded.

Further data for the Board's investment portfolio are shown in the notes to the audited financial statements.

RATE SETTING

In 1989, the Board continued to use an assessment rate strategy which provides for collective liability among employers, but which also reflects the experience of their own businesses and industry groups.

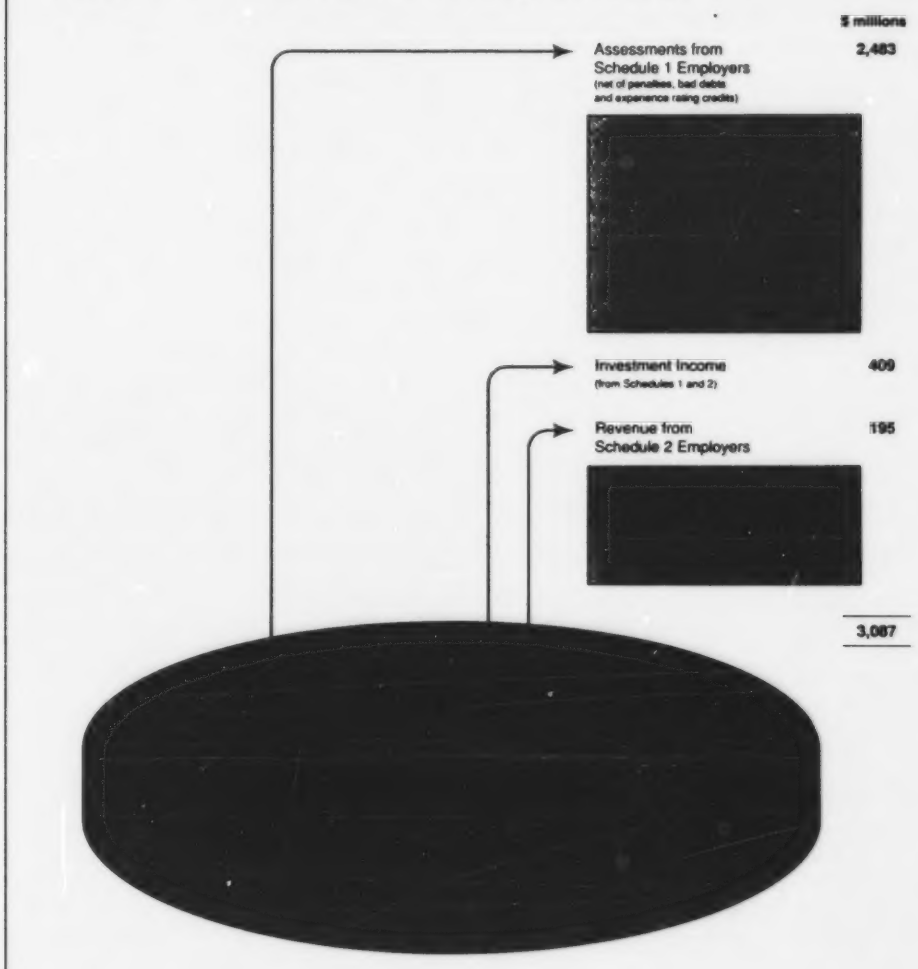
In 1989, 205,000 Schedule 1 employers were assessed by the Workers' Compensation Board. The average assessment rate per hundred dollars of assessable payroll was $3.12 in 1989, an increase of 3.3% over the 1988 average rate of $3.02. The maximum assessable earnings increased to $36,600 in 1989 from $35,100 in 1988. These increases, along with larger payrolls reported by Ontario employers, resulted in an 11% increase in assessment revenue, from $2.28 billion in 1988 to $2.53 billion in 1989.

It is the policy of the Board to set and publish rates at an early date so that employers may budget for the coming fiscal year. Assessment rates for 1990 were approved by the Board in October of 1989. The average increase over 1989 is 1.9%, with no individual rate increase or decrease greater than 10%, except for those rate groups which received special adjustments. Altogether, 47 rate groups experienced a rate decline for 1990, 61 rate groups experienced rate increases, and one rate group remained constant.

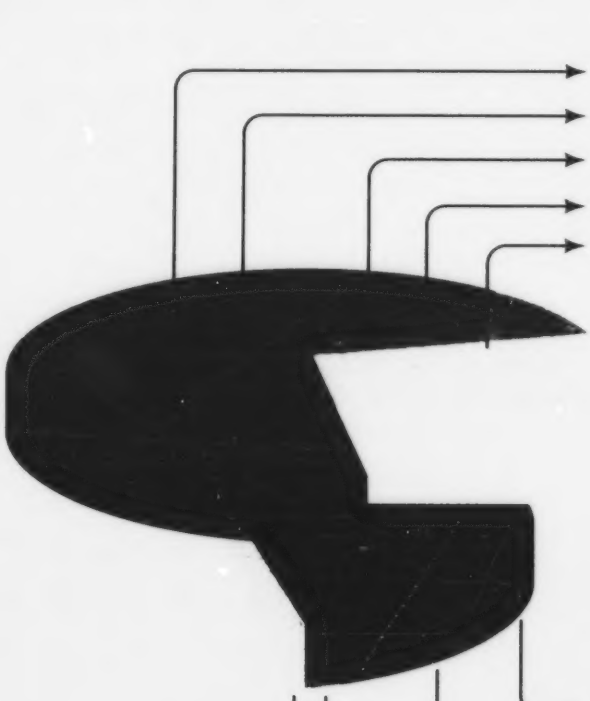
REVENUE AND EXPENSE

The next two pages show principal sources of revenue and where that money is spent.

Revenue—Where the money comes from



Spending—Where the money goes



Schedule 1 Benefit Payments	$ millions
Temporary Compensation	619
Worker Pensions	505
Rehabilitation	217
Health Care	199
Dependency	73
	1,613
Schedule 1 Administration	208
Schedule 2 Benefit Payments and Expenses	195
Accident Prevention	48
Legislative Obligations (Industrial Disease Standards Panel, WCAT, etc.)	26
	2,090

The pages that follow are the WCB's official "annual financial statements," prepared to comply with all statutory requirements in accordance with the policies detailed on pages 38 and 39.

[redacted]PONSIBILITY FOR [redacted]NCIAL REPORTING

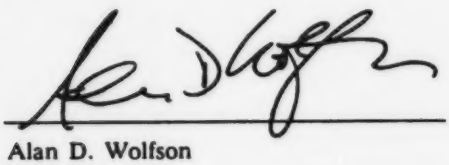
The accompanying financial statements were prepared by management in accordance with generally accepted accounting principles, consistently applied, and include some amounts based upon management's best estimates and judgements. Any financial information contained elsewhere in the annual report conforms to these financial statements.

Management is responsible for the integrity of the financial statements and has established systems of internal control to provide reasonable assurance that assets are properly accounted for and safeguarded from loss. The Board of Directors has established an Audit Committee, comprising three directors who are not officers or employees of the Board, to ensure that management fulfills these responsibilities. The Audit Committee meets periodically with management, the internal auditors and the external auditors to ensure that their responsibilities are properly discharged with respect to financial statement presentation, and disclosure and recommendations on internal control.

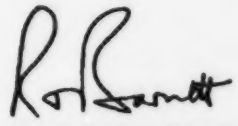
The Internal Audit Branch performs audits designed to test the adequacy and consistency of the Board's internal controls, practices and procedures.

The external auditors, Arthur Andersen & Co., working on behalf and under the direction of the Provincial Auditor, have performed an independent examination of the financial statements of the Board in accordance with generally accepted auditing standards and accordingly included an evaluation of the Board's systems of internal control. The Provincial Auditor's report outlines the scope of this independent examination and his opinion on the financial statements of the Board.

The firm of Eckler Partners Ltd. has been appointed as the independent consulting actuaries to the Board for year-end 1989. Their opinion on the adequacy and appropriateness of the valuation of the Board's actuarial liabilities, and on the proper provision for these costs, is presented as a part of these financial statements.



Alan D. Wolfson
Vice-Chairman
and President



Robert J. Barnett
Executive Director
Finance & Administration
& Chief Financial Officer

[redacted]

[redacted]TEMENT OF INCOME EXPENSES

WORKERS' COMPENSATION BOARD
Statement of Income and Expenses
For Year Ended December 31, 1989

	Self-Insured	Insured Through Collective Liability	Total	Total
		($ thousands)		
INCOME				
Assessment (Note 9)	$ 194,530	$ 2,483,387	$ 2,677,917	$ 2,377,262
Investment (Note 11)	326	408,905	409,231	316,014
	$ 194,856	$ 2,892,292	$ 3,087,148	$ 2,693,276
EXPENSES				
• Awards				
Benefits paid (Note 10)	169,202	1,612,528	1,781,730	1,624,467
Provision for increase in estimated present value of future payments to existing Schedule 1 claimants (Note 6)				
– normal	–	1,177,000	1,177,000	1,289,000
– special (Bill 162)	–	630,000	630,000	–
– unusual	–	310,000	310,000	154,000
Total value of claims/awards	169,202	3,729,528	3,898,730	3,067,467
• Administrative and other expenses (Note 12)	25,654	282,194	307,848	284,975
	$ 194,856	$ 4,011,722	$ 4,206,578	$ 3,352,442
Excess of expenses over income		(1,119,430)	(1,119,430)	(659,166)
Unfunded liability, beginning of year		(7,349,824)	(7,349,824)	(6,690,658)
Unfunded liability, end of year		$ (8,469,254)	$ (8,469,254)	$ (7,349,824)

Ontario

OFFICE OF THE PROVINCIAL AUDITOR
BUREAU DU VÉRIFICATEUR PROVINCIAL

Box 105, 15th Floor, 20 Dundas St. West
Toronto, Ontario M5G 2C2
(416) 974-9866 Facsimile (416) 324-7012

C.P. 105, 20, rue Dundas ouest, 15e étage
Toronto (Ontario) M5G 2C2
(416) 974-9866 Télécopieur (416) 324-7012

To the Workers' Compensation Board
and to the Minister of Labour:

I have examined the balance sheet of the Workers' Compensation Board as at December 31, 1989 and the statements of income and expenses and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Board as at December 31, 1989 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

D. F. Archer

Toronto, Ontario
May 1, 1990

D. F. Archer, F.C.A.
Provincial Auditor

[redacted]NCE SHEET

WORKERS' COMPENSATION BOARD
Balance Sheet
December 31, 1989

[redacted]

	Note		($ thousands)
ASSETS			
Cash		$ 446,015	$ 223,725
Investments	3	4,621,063	3,909,313
Other assets	4	542,479	479,813
Fixed assets	5	40,866	27,778
		$ 5,650,423	$ 4,640,629
LIABILITIES			
Accounts payable and accrued charges	8	$ 294,557	$ 291,486
Current portion of future payments to Schedule 1 claimants for past claims	6	1,370,000	1,187,000
Capital lease obligations	14	8,962	5,011
Net deposits	7	36,158	30,956
		1,709,677	1,514,453
Estimated present value of future payments to Schedule 1 claimants excluding current portion	6	12,410,000	10,476,000
		14,119,677	11,990,453
Unfunded liability	15	(8,469,254)	(7,349,824)
		$ 5,650,423	$ 4,640,629

On behalf of the Board:

Robert G. Elgie
Director

Alan D. Wolfson
Director

ECKLER PARTNERS LTD.

CONSULTING ACTUARY'S REPORT ON THE VALUATION OF THE ACTUARIAL LIABILITIES OF THE SCHEDULE 1 ACCIDENT FUND OF THE WORKERS' COMPENSATION BOARD OF ONTARIO AS AT DECEMBER 31, 1989

The estimated present value of future compensation, rehabilitation and pension payments and health care expenses under Schedule 1 on account of accidents that occurred on or before December 31, 1989 in the amount of $13.78 billion has been determined by the Board's Staff Actuaries, after consultation with us. We believe that the assumptions made in this valuation are appropriate and that the methods employed are in accordance with sound actuarial principles. We have made such tests of the calculations as were deemed necessary. We have also examined the data upon which the calculations were based and found it to be sufficient for the purposes of the valuation and consistent with the Board's financial statements. As in previous valuations, the present value does not include provision for future claims related to industrial disease or for future expenses of administration.

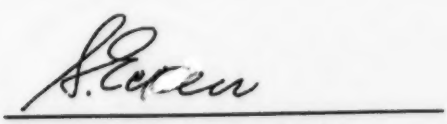
The present value reported above includes an amount of $630 million with respect to benefits under the transitional provisions of Bill 162 which provide for supplemental pensions to certain disabled workers who would not have been eligible for supplemental pensions prior to the enactment of Bill 162. In determining this amount, use was made of management's estimates of the portion of such supplemental pensions which will be continued following the reviews 24 months and 60 months after the pension is granted and of the portion of disabled workers over age 55 who will be employed. We believe management's estimates in this regard to be reasonable.

The present value reported above makes provision for estimated payments in all future years arising from accidents that occurred on or before December 31, 1989. The portion of such payments expected to be made in 1990 is approximately $1.37 billion. This amount was determined on the basis of the long-term assumptions appropriate for the determination of the present value. It does not represent a forecast of actual 1990 benefit payments, which will be influenced by short-term factors.

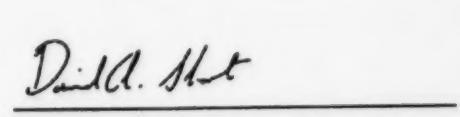
The valuation was based on the provisions of the *Workers' Compensation Act* in effect as of January 1, 1990. Full provision has been made for potential future increases in the covered earnings ceiling and in the level of pensions and temporary compensation as provided under the *Act* by using a net investment return assumption of 3% per annum, on the assumption that investment income in excess of that rate will be required to finance increases in benefits related to inflation.

Except as otherwise noted above, the methods and assumptions employed in the valuation were consistent with those used in the previous valuation, after taking account of changes in claim patterns. A complete description of the methods and assumptions employed in the valuation will be provided in our detailed report to the Board on the valuation.

In our opinion, which includes the foregoing comments, the amount of $13.78 billion as at December 31, 1989 makes reasonable provision for future compensation, rehabilitation and pension payments and health care expenses under Schedule 1 on account of accidents that occurred on or before December 31, 1989.



Samuel Eckler, F.S.A., F.C.I.A.



David A. Short, F.S.A., F.C.I.A.

Actuaries with the
firm of Eckler Partners Ltd.
May 1, 1990

[redacted]TEMENT OF CHANGES [redacted]NANCIAL POSITION

WORKERS' COMPENSATION BOARD
Statement of Changes in Financial Position
Year Ended December 31, 1989

	[redacted]	
	($ thousands)	
CASH PROVIDED BY OPERATIONS		
Excess of expenses over income, after increase in actuarial provision	$ (1,119,430)	$ (659,166)
Items not requiring an outlay of cash:		
Amortization of realized and unrealized losses (gains) on investments	(9,352)	15,351
Amortization of discounts on investments	(115,948)	(83,279)
Depreciation and amortization of fixed assets	8,951	5,618
Provision for increase in estimated present value of future payments to Schedule 1 claimants	2,117,000	1,443,000
Increase in other assets	(63,879)	(85,587)
Increase in other short-term liabilities	12,224	28,394
NET POSITIVE CASH FLOW	**829,566**	**664,331**
INVESTMENT ACTIVITIES		
Purchases of long-term investments	1,641,688	1,673,523
Proceeds on sale or maturity of long-term investments	(1,060,270)	(455,378)
	581,418	1,218,145
Net (Decrease) Increase in short-term investments	221,609	(555,751)
Net cash invested	803,027	662,394
Purchase of fixed assets	22,039	2,767
	825,066	665,161
OVERALL INCREASE (DECREASE) IN CASH DURING THE YEAR	4,500	(830)
CHANGE IN SHORT-TERM INVESTMENTS HELD TO FINANCE OPERATIONS	217,790	(140,000)
Cash balance beginning of year	223,725	364,555
Cash balance end of year*	$ 446,015	$ 223,725
* *Made up of:*		
Cash at bank	$ 8,225	$ 3,725
Money market instruments	437,790	220,000
	$ 446,015	$ 223,725

ES TO THE
NCIAL STATEMENTS

December 31, 1989

1. NATURE OF OPERATIONS

The Workers' Compensation Board is a Crown Agency, which operates by virtue of a statute passed in 1914 and amendments thereafter.

The Board differentiates employers into two groups – referred to as Schedules 1 and 2 by the *Act*:

Schedule 1 relates to industries where the employers are required to contribute to the Workers' Compensation Board's Accident Fund, and Schedule 2 relates to self-insurers – that is, industries where employers are individually liable for the costs of compensation, health care, rehabilitative costs and pensions paid to their workforce, all of which is done for them by the Workers' Compensation Board, which is then reimbursed for these costs.

2. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with generally accepted accounting principles.

INVESTMENTS

i) Bonds and Mortgages

Bonds and mortgages are carried at amortized cost. In the case of mortgages, amortized cost is adjusted for principal repayments.

Realized gains (losses) on the sale of bonds and mortgages are deferred and amortized over the lesser of 20 years or the period to maturity of the security sold.

ii) Stocks

Investments in stocks are carried at cost with an adjustment for market value. The market value adjustment is based on the moving average market method, where realized gains (losses) on the sale of stocks are deferred and amortized over a seven-year period. Unrealized gains (losses) in market value are taken into income and included in the value of the asset on the moving average market basis over a seven-year period.

iii) Real Estate

Real estate (units in real estate syndicates) is carried at cost with an adjustment towards market value, based on the moving average market method.

Both realized and unrealized gains and losses are deferred and amortized over a ten-year period.

iv) Short-Term Securities

These are money market securities which have a maturity of less than 12 months at time of purchase, and are carried at amortized cost.

Gains and losses from sales are taken into income in the period that they occur.

v) Foreign Currency Translation

Foreign currency investment transactions are translated into Canadian dollars using the exchange rate in effect at the time of the transaction. For valuation purposes, foreign investments are converted to Canadian dollars at the exchange rate in effect at the balance sheet date. Foreign exchange gains and losses on long-term investments are amortized and reflected in their carrying value over a seven-year period.

FIXED ASSETS

Fixed assets are stated at cost. Buildings, equipment, leasehold improvements and motor vehicles are depreciated on the straight-line method at rates calculated to amortize the cost of assets over their estimated useful lives.

ASSESSMENT INCOME

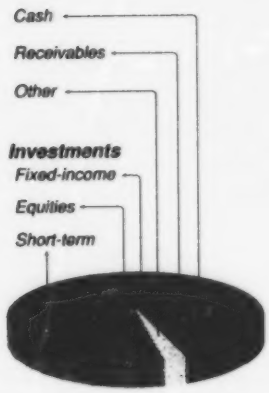
Assessment income is determined on the basis of estimated and actual payrolls reported by employers. At year-end, an accrual is calculated to include the additional assessment anticipated as a result of the actual payrolls being greater than estimated.

LEASES

Leases are classified as either capital or operating. Capital leases are those which transfer substantially all of the benefits and risks of the ownership of property, and are recorded as the acquisition of an asset and the incurrence of an obligation. The asset is amortized over its useful life and the obligation is liquidated over the lease term. Other leases are operating leases and the related rental costs are charged to expense as incurred.

3. INVESTMENTS

	Carrying Value	Market Value	Carrying Value	Market Value
FIXED INCOME SECURITIES				
Bonds				
– Government	$ 339,548	$ 347,592	$ 429,960	$ 432,015
– Corporate	1,156,628	1,173,686	1,071,441	1,060,209
Coupons	875,035	935,951	730,430	706,895
Real Estate				
– Debentures	171,728	187,323	84,505	89,598
Mortgages	472,296	472,296	474,014	458,540
	3,015,235	3,116,848	2,790,350	2,747,257
EQUITIES				
Common & Preferred Shares				
Domestic	879,929	973,215	508,295	527,161
Foreign – U.S.	120,385	134,132	70,031	66,471
– Global	414,312	395,795	–	–
Real Estate – Equities	17,383	17,647	10,963	10,963
	1,432,009	1,520,789	589,289	604,595
SHORT-TERM				
– Money Market	125,944	125,944	483,012	482,599
– Accrued Investment Income	47,875	47,875	46,662	46,662
	$ 4,621,063	$ 4,811,456	$ 3,909,313	$ 3,881,113



Composition of Assets
1989

Note: As of December 31, 1989 the Board had entered into a commitment to acquire a syndicated real estate investment portfolio for $95.6 million. This acquisition was substantially completed in January 1990. The financial statements at December 31, 1989 do not reflect this commitment.

The WCB engages in a securities lending program whereby investments of the Fund are loaned to approved borrowers, for a fee, against high quality collateral. At December 31, 1989 the total market value of securities on loan amounted to $207 million.

4. OTHER ASSETS

	($ thousands)	
Assessment & penalty receivables	$ 504,621	$ 456,096
Other receivables	14,042	9,379
Prepaid employee pension expense	19,676	12,083
Prepaid expenses	4,140	2,255
	$ 542,479	$ 479,813

5. FIXED ASSETS

	Cost	Accumulated Depreciation	Net Book Value	Depreciation & Amortization Rates
		($ thousands)		%
Land	$ 6,754	$ –	$ 6,754	–
Buildings	11,206	7,526	3,680	2½
Leasehold Improvements	5,747	4,122	1,625	10
Equipment*	55,141	27,218	27,923	20
Motor Vehicles	2,048	1,164	884	25
	$ 80,896	$ 40,030	$ 40,866	

* *Includes capital leases, (Cost: $17,184), which are depreciated over the useful life of the asset.*

6. ESTIMATED PRESENT VALUE OF FUTURE PAYMENTS TO SCHEDULE 1 CLAIMANTS

a) The estimated present value of future payments to Schedule 1 claimants ($13.78 billion) is determined annually by the Board's Actuary and is reviewed by an independent consulting actuary.

This amount includes provisions for claims reported to the Board up to and including December 31, 1989, and claims for accidents which occurred on or before December 31, 1989 but which have not been reported at that date.

As in previous years, provision has not been made for future administration costs of existing claims, or for the cost of future claims for occupational/industrial diseases arising in whole or in part from employment prior to December 31, 1989, as there is no reasonable way to estimate this.

The current portion (payments expected to fall due within the next 12 months – $1.37 billion) is shown separately on the Balance Sheet (1988: $1.187 billion).

b) The special provision of $630 million relates to the transitional provisions of Bill 162, which came into effect July 26, 1989. Bill 162 expanded the supplements available to permanently disabled workers who are or will be suffering a loss of wages in excess of their permanent disability pension. Bill 162 also provides that impaired workers who are likely to benefit from a vocational rehabilitation program may be eligible to receive a supplement to their permanent partial disability pension while participating in such a program. The assumption that the future permanent Old Age Security (OAS) supplement payments that would not have been made prior to Bill 162 consists of:

- All OAS supplement payments made while the worker is under the age of 55, plus
- All OAS supplement payments made while the worker is aged 55 or above and is working.

No allowance has been made for the non-transitional provisions of Bill 162 as they only apply to injuries occurring on or after January 2, 1990.

c) The unusual provision of $310 million is to provide for a previously unanticipated significant increase in the now-expected number of older workers who cannot return to work and are expected to receive a permanent supplement under Section 135(4).

d) The one-time impact of the special provision recorded in 1988 – amounting to $154 million – related to the special costs of workers requiring rehabilitation, and who were injured in 1988 or in prior years. No such rehabilitation provision had previously been included in the Board's total liability.

e) These financial statements do not include any estimate for the future payments to existing Schedule 2 claimants as this is not a liability of the Board: it is a liability of the Schedule 2 employers (Note 7). The same applies to federal employees covered under a separate agreement with Labour Canada.

7. SELF-INSURERS

The Board adjudicates claims and pays benefits for Schedule 2 workers in the same way as for Schedule 1, and then charges these costs to the self-insured employers, plus an administration fee for doing so. Schedule 2 consists mainly of employers in the Ontario public sector such as the province, municipalities, public libraries and school boards, but also employers in industries which cross provincial borders, such as railways, shipping, international airlines and telephone companies.

In addition, some of the self-insured employers are required to contribute to a special fund to relieve out-of-the-ordinary expenses (e.g. disaster relief) for their group. The Board requires that security deposits be placed with it by these employers. The deposits received from self-insured employers are invested and interest is paid on the deposit at a previously determined rate.

Although not legally covered by either Schedule 1 or 2 of the *Workers' Compensation Act* certain Federal Government employees in Ontario are, by separate agreement with Labour Canada, covered by the Federal Government as a "self-insurer" and the Board, therefore, treats them administratively as if they were a Schedule 2 employer.

At December 31, 1989, the balance sheet includes the following related to self-insured employers:*

		($ thousands)		
Held for them:				
Cash	$		$	1,475
Investments		18,439		20,152
(Market value at Dec. 31, 1989: $19,289)				
Due from them:				
Receivables		17,719		9,329
	$	36,158	$	30,956

* *Including approximately $1,300 held for various branches of the Federal Government (1988 - $1,300).*

Self-insured employers are individually liable for all current and future claim costs. The Board does not make provision for the future liabilities of any self-insured employers or the Federal Government, for current and past claims, nor does it recognize the future benefits which it will pay as these will be reimbursed in full (plus a fee to cover its administrative and other costs).

8. ACCOUNTS PAYABLE AND ACCRUED CHARGES

		($ thousands)		
Accounts payable and accrued charges	$	84,986	$	85,163
Accrued sick leave and vacation credits		37,575		32,990
Cheques issued and not yet cashed		43,696		40,794
Refunds due to employers under experience rating adjustments		128,300		132,539
	$	294,557	$	291,486

9. ASSESSMENT INCOME

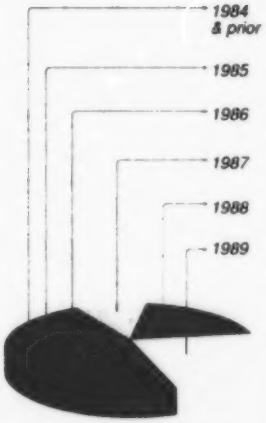
	Self-Insured	Insured Through Collective Liability	Total	Total
		($ thousands)		
Assessment Income	$ 194,740	$ 2,525,079	$ 2,719,819	$ 2,453,653
Penalties	78	74,322	74,400	87,767
Bad Debts	(288)	(98,556)	(98,844)	(98,679)
Experience Rating*	–	(17,458)	(17,458)	(65,479)
	$ 194,530	$ 2,483,387	$ 2,677,917	$ 2,377,262

* *The Workers' Compensation Board has had a form of experience rating since 1953. It offers refunds and surcharges based on injury frequency rates and costs. In 1983, the Board introduced an experience rating system (CAD-7) for the construction industry. A New Experimental Experience Rating plan (NEER) was introduced in 1984, and is continuing to be refined. Participation in the NEER program is optional for all non-construction rate groups. Where possible, provisions are established to cover future adjustments arising from current and past years' experience. However, consistent with normal insurance industry practice, it is intended that rebates and surcharges under these programs will generally balance out in the long-term.*

10. BENEFITS PAID

	Self-Insured	Insured Through Collective Liability	Total	Total
		($ thousands)		
Temporary Compensation	$ 71,638	$ 622,938	$ 694,576	$ 676,695
Health Care	19,301	198,703	218,004	206,802
Rehabilitation	16,365	216,899	233,264	214,914
Worker Pensions*	52,858	505,130	557,988	439,661
Dependency	9,040	72,590	81,630	89,288
	169,202	1,616,260	1,785,462	1,627,360
Less: recovered from third parties	–	3,732	3,732	2,893
	$ 169,202	$ 1,612,528	$ 1,781,730	$ 1,624,467

* *1989 Worker Pensions include Bill 162 supplements paid to disability pension recipients – $14 million (1988 – nil).*
The significant increase in worker pensions payments in 1989 arose out of delays in awarding worker permanent disability pensions during 1988, and a change in the dates when regular monthly pension payments were issued in 1989. Had these estimated events not occurred, it is estimated that worker pension payments would have amounted to $522 million in 1989 and $463 million in 1988.



1989 Benefits Paid by Year of Accident (Schedule 1)

The benefit categories are defined below:

Temporary Compensation
These benefits are paid to injured workers to compensate them for temporary losses of earnings due to temporary disabilities arising out of work-related injuries.

Health Care
This category includes payments made to health care professionals, such as physicians and treating agencies, who provide health care treatment to injured workers.

Rehabilitation
These payments include income support payments to workers who are preparing to return to employment, plus payments to agencies for the delivery of vocational and medical rehabilitation services.

Worker Pensions
Pensions are paid to workers who have suffered partial or total permanently disabling injuries.

Dependency
These are payments made to dependents of workers who have died as the result of work-related injuries/diseases.

Recoveries
Claims against third parties responsible for industrial accidents are deducted from paid benefits upon their receipt.

11. INVESTMENT INCOME

	Self-Insured	Insured Through Collective Liability	Total	Total
		($ thousands)		
Investment income	$ 2,598	$ 402,981	$ 405,579	334,729
Add/Deduct:				
• Amortization of gains and losses (net of foreign exchange gains and losses)				
– Realized	(4)	(8,620)	(8,624)	(3,406)
– Unrealized	–	17,976	17,976	(11,945)
• Administration expenses	–	(1,448)	(1,448)	(813)
• Investment fees	–	(1,984)	(1,984)	(446)
• Interest paid on deposits	(2,268)	–	(2,268)	(2,105)
	$ 326	$ 408,905	$ 409,231	$ 316,014

12. ADMINISTRATIVE AND OTHER EXPENSES

The total operating expenses for the Workers' Compensation Board were:

	Self-Insured	Insured Through Collective Liability	Total	Total
		($ thousands)		
Administration	$ 25,654	$ 208,081	$ 233,735	$ 214,432
Accident Prevention	–	47,657	47,657	43,909
Legislated Obligations	–	26,456	26,456	26,634
	$ 25,654	$ 282,194	$ 307,848	$ 284,975

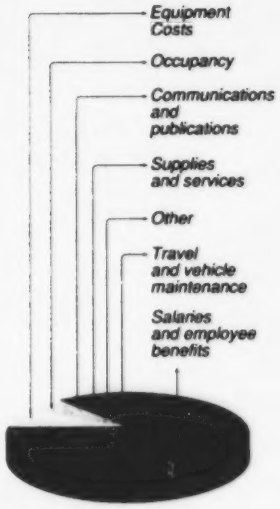
The expenses for collective liability insurers are more fully described below:

a) ADMINISTRATION EXPENSES*

	($ thousands)	
Salaries and employee benefits	$ 175,294	$ 163,066
Travel and vehicle maintenance	4,362	3,668
Supplies and services	7,085	5,685
Equipment costs, including depreciation	18,727	13,447
Occupancy costs	13,775	14,583
Communications and publications	10,978	11,087
Other	6,494	5,135
	$ 236,715	$ 216,671

Less expenses related to:				
Self-insurers	25,654		23,239	
Downsview Rehab. Centre	1,532		1,426	
Investments	1,448	28,634	813	25,478
Net charge to Statement of Income and Expenses		$ 208,081		$ 191,193

* *Includes remuneration and expenses for the Board of Directors of $358 in 1989 ($357 in 1988). This excludes legal expenses paid by the WCB on behalf of its external Board members.*



Administration Expenses 1989

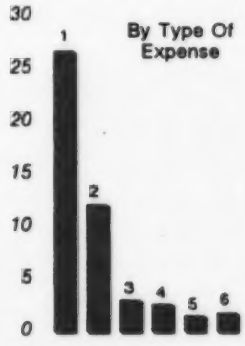
b) ACCIDENT PREVENTION EXPENSES

By Category:

	($ thousands)	
Salaries & employee benefits	$ 26,575	$ 24,000
Travel and vehicle maintenance	3,017	3,130
Supplies and services	692	1,110
Equipment costs, including depreciation	1,482	1,279
Occupancy costs	2,634	2,343
Communications and publications	12,128	12,421
Other	1,129	(374)
	$ 47,657	$ 43,909

ACCIDENT PREVENTION 1989

($ millions)



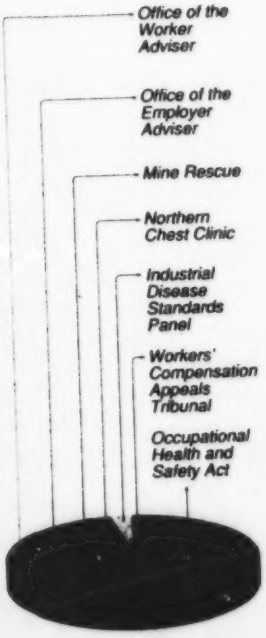
LEGEND

1. *Salaries & employee benefits*
2. *Communications & publications*
3. *Travel*
4. *Occupancy*
5. *Equipment*
6. *Supplies, services & other*

ACCIDENT PREVENTION
1989

LEGEND

1. IAPA
2. Construction Safety Assoc.
3. Grants
4. OHSEA
5. Mines Acc. Prev. Assoc.
6. Elec. Utilities Safety Assoc.
7. Health Care Occ. Health & Safety Assoc.
8. Forest Products Accident Prevention Assoc.
9. Trans. Safety Assoc.
10. Ont. Pulp & Paper Makers Safety Assoc.
11. The Farm Safety Assoc.


Office of the Worker Adviser
Office of the Employer Adviser
Mine Rescue
Northern Chest Clinic
Industrial Disease Standards Panel
Workers' Compensation Appeals Tribunal
Occupational Health and Safety Act

Legislated Obligations
1989

		($ thousands)
By Safety Association:		
Construction Safety Association of Ontario	$ 10,064	$ 9,229
Electrical Utilities Safety Association of Ontario	2,001	1,893
Forest Products Accident Prevention Association	1,675	1,563
The Farm Safety Association Inc.	1,023	965
Health Care Occupational Health & Safety Association	2,225	1,815
Industrial Accident Prevention Association	16,936	15,853
Mines Accident Prevention Association of Ontario	2,277	2,236
Ontario Pulp & Paper Makers Safety Association	780	732
Transportation Safety Association of Ontario	1,505	1,362
	38,486	35,648
Occupational Health and Safety Education Authority	3,991	3,806
Safety & Educational Grants:		
Tourism Ontario	844	727
Workers' Health and Safety Centre	4,336	3,728
	$ 47,657	$ 43,909

On January 24, 1989 an *Act to amend the Occupational Health and Safety Act* (Bill 208) was tabled in the Legislature by the Minister of Labour. Among the proposed amendments is the creation of the Workplace Health and Safety Agency, which will oversee the Safety Associations (except The Farm Safety Association Inc.), the Occupational Health and Safety Education Authority and the Workers' Health and Safety Centre of the Ontario Federation of Labour.

The proposed Agency will be funded by the Workers' Compensation Board and the Provincial Treasury. However, at this time, it is not known whether current funding levels will be altered when, and if, the programs are transferred from the Workers' Compensation Board to the new Agency.

c) LEGISLATED OBLIGATIONS

The Workers' Compensation Board is obligated to defray the administrative costs of the *Occupational Health and Safety Act* for the Government of Ontario. The Board's cost has been accrued based on the calendar year just ended.

		($ thousands)
Occupational Health and Safety Act	$ 8,500	$ 7,724
Industrial Disease Standards Panel	665	604
Mine Rescue	1,257	1,304
Workers' Compensation Appeals Tribunal (WCAT)	8,573	9,366
Office of the Worker Adviser	4,944	5,122
Office of the Employer Adviser	1,517	1,508
Northern Chest Clinics	1,000	1,006
	$ 26,456	$ 26,634

Under Section 86 of the *Workers' Compensation Act*, the Board is obligated to pay the administrative costs of the Workers' Compensation Appeals Tribunal, the Offices of the Worker and Employer Adviser, and the Industrial Disease Standards Panel. All of these autonomous bodies are staffed and managed independent of the Workers' Compensation Board.

WCAT heard 1,163 appeals in 1989 (1,093 in 1988).

Mine rescue costs represent the establishment, maintenance and operation of mine rescue stations, under the *Occupational Health and Safety Act*, as set out in Section 1 (1)(b) of the *Workers' Compensation Act*.

13. RELATED PARTY TRANSACTIONS

In addition to the legislated obligations referred to above, the financial statements also include amounts resulting from routine operating transactions conducted at prevailing market prices with various Ontario Government-controlled ministries, agencies, and Crown corporations with which the Board might be considered related.

Account balances resulting from these transactions are included in the financial statements and are settled on normal trade terms.

14. COMMITMENTS AND CONTINGENCIES

a) Leases

At December 31, 1989, the Workers' Compensation Board was committed under non-cancellable leases requiring future minimum payments as follows:

		($ thousands)		
1990	$ 6,032	$ 8,391	$ 4,969	$ 19,392
1991	2,965	7,933	3,766	14,664
1992	1,000	7,201	1,871	10,072
1993	–	6,931	345	7,276
1994	–	4,378	214	4,592
Beyond 5 years	–	2,330	–	2,330
Total minimum payments	$ 9,997	$ 37,164	$ 11,165	$ 58,326
Less:				
Amount representing interest	1,035			
Obligations under capital leases	$ 8,962			

The Board rents office space and equipment under operating lease arrangements having various expiry dates. Shown on page 47 are the aggregate minimum annual rental payments under these arrangements. The "Other" operating leases represent long-term equipment rentals.

b) Investment Commitments

At December 31, 1989, future investment transactions outstanding amounted to $62 million, primarily consisting of commitments to future mortgage advances (1988 – $59 million), for which dates are not generally determined, and are therefore not reflected in these Financial Statements.

c) Pending Legislation

On December 5, 1989, Bill 68, the Ontario Motorist Protection Plan (no-fault insurance) passed its second reading in the Ontario Legislature.

In the past, injured workers could elect to subrogate their rights of action to the Board, and the Board would then be able to recover damages from third parties. Except in very serious cases, this right of action will no longer exist. As well, injured workers who in the past could elect to take their own actions, thereby waiving their entitlement to workers' compensation benefits, will now receive these benefits.

It is estimated that the effect of these changes will be an increase in benefit costs of approximately $11 million per year.

No provision has been made in these accounts for any impact from Bill 68.

d) Legal Actions

Asbestosis

In December of 1986 the U.S. Bankruptcy Court approved a plan to establish the Manville Settlement Trust with assets in excess of $2 billion. Claims may be made against the Trust for injuries that workers or others may have suffered due to exposure to Johns-Manville asbestos products.

The Workers' Compensation Board has, for some years, been paying benefits and expenses to workers suffering from asbestos-related diseases. In view of this, the Board, in 1987, took steps to exercise any subrogated rights that it might have in respect of asbestos-related claims filed with the Board since 1975 by Ontario workers or their dependents.

At this time the amount the Board might recover from the Manville Trust cannot be quantified.

Other

The Board is party to various claims and lawsuits which are being contested. In the opinion of management, the outcome of such claims and lawsuits will not have a material adverse effect on the Board.

15. UNFUNDED LIABILITY

The Workers' Compensation Board has implemented a strategy to eliminate this liability by the year 2014. Schedule 1 assessment rates include an unfunded liability surcharge, which is modified each year according to the size of the unfunded liability.

16. EMPLOYEE BENEFITS

Included in salaries and benefits is $16.7 million for employee benefits (1988: $22.2 million). Additional details follow:

a) Superannuation

The Board has a defined benefit-based pension plan for its employees, and employees of the provincial safety associations, which provides for pensions based on years of service and earnings rates near retirement. The investment activities and the administrative and accounting matters of the pension plan are administered by the Board free of charge.

An independent actuarial valuation has determined that the Fund is in a surplus position.

As at December 31, 1989 the plan's funded status was:

	($ thousands)	
Pension assets	$ 356,502	$ 307,507
Accrued benefits	$ 259,322	$ 229,892

Current contribution levels by both employer and employees, and current pension entitlements, are under review to ensure compliance with recent pension reform and amendments to the existing plan will likely be implemented during 1990.

Net employer's pension expense for 1989 for this defined benefit-based pension plan consists of the following components:

	($ thousands)	
Current service cost for current employees	$ 9,706	$ 8,104
Interest added to accrued benefits	16,729	14,807
Interest received on pension fund assets	(21,628)	(19,479)
Amortization of surplus	(4,277)	(3,942)
Net pension expense (income)	$ 530	$ (510)

b) Other Employee Costs

The Board provides comprehensive health insurance coverage to its permanent full-time and regular part-time staff at an annual cost of $4.7 million (1988: $3.8 million). The benefits include health insurance, dental, long-term disability and life insurance. The Board also provides vacation and sick leave benefits for its employees.

The Board is itself, a self-insured employer for purposes of workers' compensation, and payments related to workplace injuries are expensed as they are incurred.

In 1989 such costs amounted to approximately $716,000 and as at December 31, 1989, the Board's actuaries estimated the net present value of future payments arising from past injuries at approximately $5 million.

c) Retiree Programs

The Board provides retiree programs for its employees, including bi-annual pre-retirement programs for employees approaching retirement age. Retirees' health benefit coverage is provided by the Board, at a cost of $427,416 (1988: $394,579) which includes supplementary health, vision care, dental and life insurance.

Board payments for retiree programs are expensed as costs are incurred, except that in 1988 the Board set aside $8.5 million to fund (pre-pay) a pensioners' life insurance benefit for certain long-term employees to recognize a life insurance retirement benefit commitment to this employee group. As at December 31, 1989 the balance in this fund had grown to $9.3 million.

d) Safety Associations

The financial statements and notes exclude all costs related to Safety Association employees. The Safety Associations are separate legal entities and as such are responsible for their individual reporting requirements: the Board funds their operations but is not otherwise responsible for their employees.

17. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to correspond to the current year's presentation.

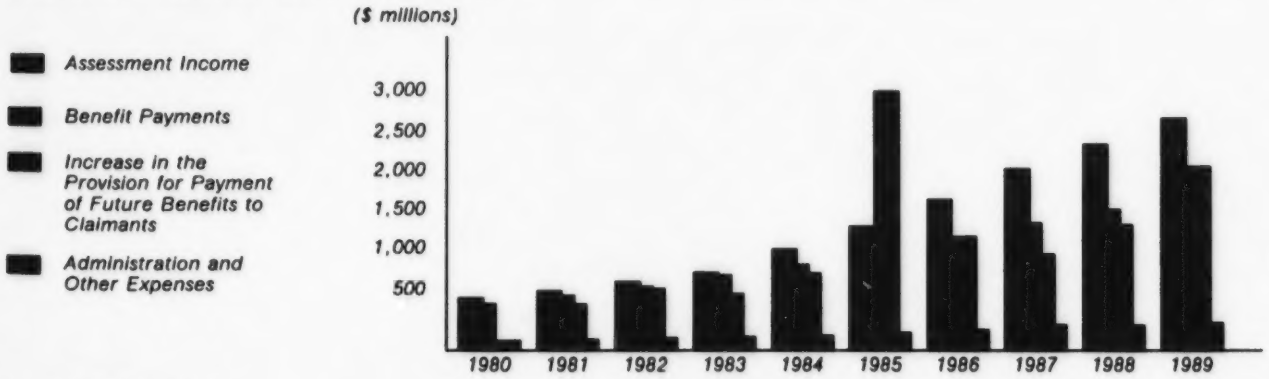
TEN-YEAR HISTORY

TEN-YEAR SUMMARY OF THE STATEMENT OF INCOME AND EXPENSES

($ thousands)

WORKERS' COMPENSATION BOARD (Schedules 1 and 2)	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
INCOME										
Assessment income	$591,882	$673,247	$ 781,201	$ 882,458	$1,160,272	$1,424,310	$1,737,312	$2,091,929	$2,377,262	$2,677,917
Investment income	141,437	166,045	170,066	166,574	175,803	186,347	216,705	272,713	316,014	409,231
	733,319	839,292	951,267	1,049,032	1,336,075	1,610,657	1,954,017	2,364,642	2,693,276	3,087,148
EXPENSES										
Benefits paid	526,989	620,513	725,915	860,093	978,611	1,098,526	1,246,269	1,463,509	1,624,467	1,781,730
Provision for increase in estimated present value of future payments to existing Schedule 1 claimants										
- normal	100,000	160,000	365,000	293,000	276,000	1,130,000	1,054,000	1,096,000	1,289,000	1,177,000
- special (Bill 162)	—	—	—	—	—	—	—	—	—	630,000
- unusual	—	360,000	335,000	347,000	604,000	*1,860,000	250,000	—	154,000	310,000
Total value of claims/awards	626,989	1,140,513	1,425,915	1,500,093	1,858,611	4,088,526	2,550,269	2,559,509	3,067,467	3,898,730
Administration and other expenses	100,070	116,646	137,325	146,141	162,624	192,458	230,124	288,613	284,975	307,848
	727,059	1,257,159	1,563,240	1,646,234	2,021,235	4,280,984	2,780,393	2,848,122	3,352,442	4,206,578
Excess of expenses over income	6,260	(417,867)	(611,973)	(597,202)	(685,160)	(2,670,327)	(826,376)	(483,480)	(659,166)	(1,119,430)
Unfunded liability beginning of year	(404,533)	(398,273)	(816,140)	(1,428,113)	(2,025,315)	(2,710,475)	(5,380,802)	(6,207,178)	(6,690,658)	(7,349,824)
Unfunded liability end of year	($398,273)	($816,140)	($1,428,113)	($2,025,315)	($2,710,475)	($5,380,802)	($6,207,178)	($6,690,658)	($7,349,824)	($8,469,254)

*Amendment by the passage of Bill 81, which indexed future annual increases in pensions and temporary compensation payments based on the change in the consumer price index.



OTHER STATISTICS

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Total assessable payroll (based on employer estimates in $ millions)	$ 32,685	$ 37,437	$ 40,891	$ 42,293	$ 48,771	$ 57,025	$ 61,574	$ 67,974	$ 73,789	$ 84,800
Number of WCB employees as at December 31 each year*	N/A	N/A	N/A	3,217	3,378	3,735	4,218	4,211	4,387	4,611
Incidents reported as work injuries	444,674	415,044	349,747	344,758	388,845	426,880	442,080	469,681	489,819	467,243

N/A — Not available
*Includes part-time and temporary staff

[redacted]SSARY OF TERMS

Assessment Rate: The rate applied to determine the amount of money an employer in Schedule 1 pays the Workers' Compensation Board (WCB). Based on the industry, a firm is assessed a set amount per $100 of payroll.

Claims Adjudication: The process that determines an injured worker's entitlement to benefits under the *Workers' Compensation Act*.

Claims Adjudicator: A specially trained employee of the WCB charged with determining a worker's entitlement in a claim, in accordance with the *Act*.

Client Contact: Strategy undertaken by the WCB to improve voice communications with injured workers, employers and others who deal with the Board.

Community Clinic: A treating agency independent of the WCB which provides health care services to injured workers with soft-tissue injuries on a fee-for-service basis.

CRS: Claims Registration System. An automated process that speeds up claims registration within the Board and works in conjunction with the Workers' Benefit System (WBS).

Dual-Award: System of compensating permanently impaired workers in two possible ways – for loss of earnings and for loss of enjoyment of life.

Economic Loss: Future loss of earnings of a worker who has suffered an injury resulting in permanent impairment or temporary disability for 12 continuous months. This is the first part of the dual-award system, which came into effect under Bill 162.

IDSP: Industrial Disease Standards Panel. Independent body funded by the WCB which conducts research on industrial diseases and makes recommendations on those diseases that should be compensated.

Imaging: Technology the WCB has adopted in a move towards the paperless office. Claim files, correspondence and other paper that comes into the Board can be accessed by adjudicators on special computer terminals simultaneously and province-wide.

ISU: Integrated Service Unit. Injured workers are assigned to a specific Unit based on their employer's postal code. ISUs apply the team approach to decision-making on claims, health care and rehabilitation.

Medical Rehabilitation: Early involvement in treating injured workers within, or close to, their own communities. Includes a shorter rest period after an injury and early, active physical therapy. If recovery is prolonged, rehabilitation may also include further health care assessments and an evaluation of physical abilities.

NEER: New Experimental Experience Rating. A plan that issues refunds or surcharges to firms in participating rate groups on their assessment, depending on the firm's accident cost experience. The plan is designed to provide incentives to firms to improve workplace safety.

Non-Economic Loss: Workers who suffer an injury resulting in permanent impairment may receive a monetary award for the loss of enjoyment of life. This is the second part of the dual-award system, which came into effect under Bill 162.

OAS: Old Age Security. Payments to eligible injured workers under federal legislation.

Ontario Workers' Compensation Institute: Operated by its own independent Board of Directors, with funding by the WCB, it is designed to conduct research on occupational injuries and rehabilitation. Also monitors quality standards for community clinics and regional evaluation centres.

REC: Regional Evaluation Centre. Provides health care assessments for injured workers whose recovery is prolonged. Also provides functional abilities evaluations.

Schedule 1 and 2: Employers in Ontario are categorized as either Schedule 1 or Schedule 2. Schedule 1 employers are required to pay annual assessments, which form the Board's Accident Fund. Compensation and health care for injured workers are paid for out of this Fund and administered by the Board. The majority of employers in Ontario form Schedule 1. Under Schedule 2, each employer is liable for paying the compensation and health care costs of any worker who suffers an occupational accident or disease. Employers in this category include: municipal, provincial and federal governments, railways, airlines and telephone companies.

Stakeholders: Individuals or groups who have a special interest – or stake – in the WCB. Includes injured workers, labour, employers and health care professionals.

Survivor: A spouse or dependent of a worker who dies as a result of a workplace injury or disease.

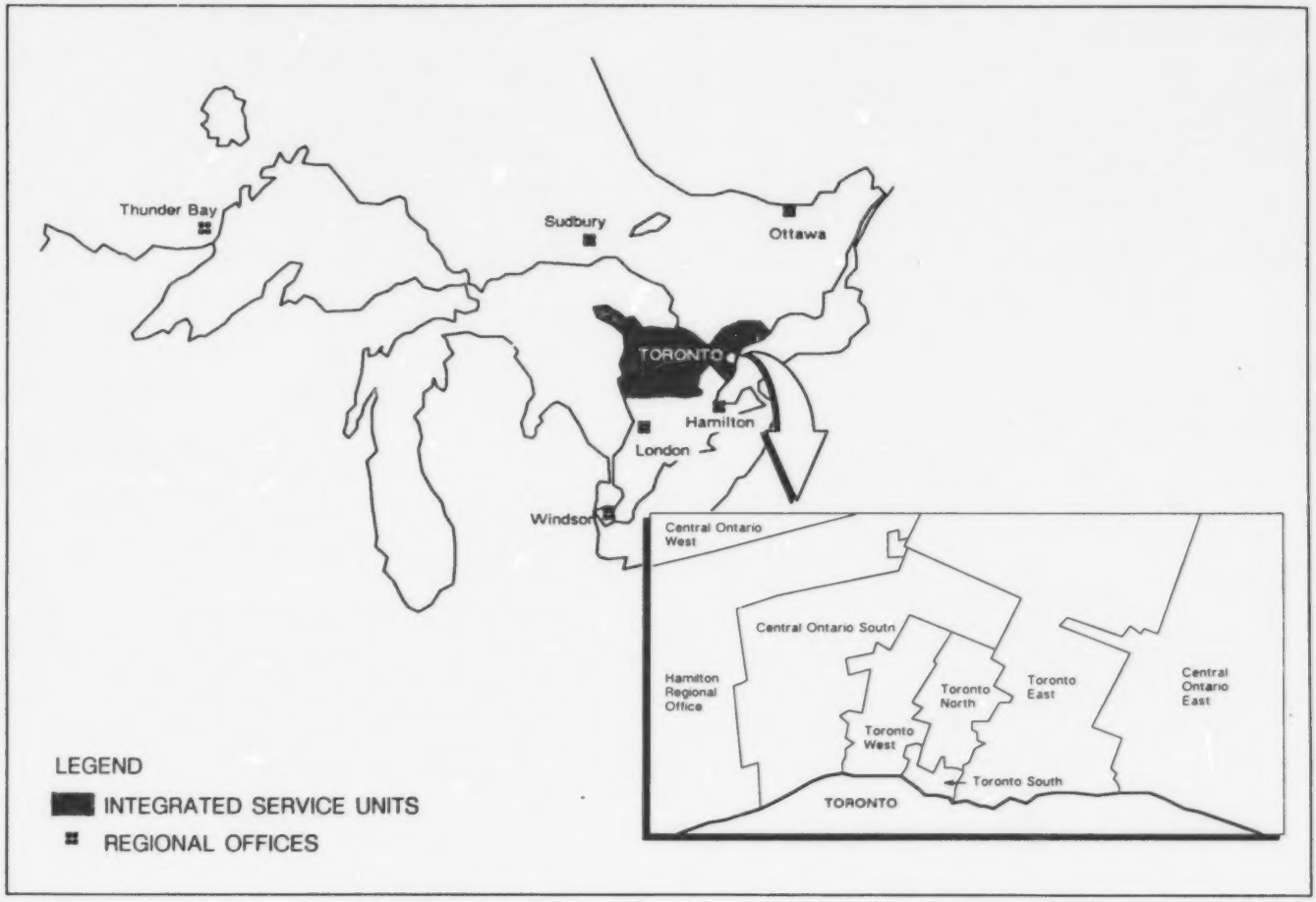
Unfunded Liability: The difference between the present value of the Board's liabilities and its assets.

Vocational Rehabilitation: A program designed to re-establish, as much as possible, an injured worker's pre-accident earnings profile.

WBS: Workers' Benefit System. An automated system that speeds up the payment process to injured workers. The system also provides more timely, on-line information for the management of claims.

WCAT: Workers' Compensation Appeals Tribunal. Legislated in 1985, WCAT is the final stage of appeal for a worker or employer who objects to a Board decision. WCAT operates independently of the WCB.

REGIONAL OFFICES AND GRATED SERVICE UNITS



WORKERS' COMPENSATION BOARD OFFICES

HEAD OFFICE

Toronto
2 Bloor Street East
Toronto, Ontario
M4W 3C3
(416) 927-9555

INFORMATION CENTRE

Toronto Claims Information Centre
1382 St. Clair Avenue West
Toronto, Ontario
M6E 1C6
(416) 965-8864

REGIONAL OFFICES

Hamilton
120 King Street West
Hamilton, Ontario
L8P 4V2
(416) 523-1800

London
148 Fullarton Street
London, Ontario
N6A 5P3
(519) 663-2331

Ottawa
360 Albert Street
Suite 200
Ottawa, Ontario
K1R 7X7
(613) 238-7851

Sudbury
30 Cedar Street
Sudbury, Ontario
P3E 1A4
(705) 675-9301

Thunder Bay
P.O. Box 7000
410 Memorial Avenue
Thunder Bay, Ontario
P7C 5S2
(807) 343-1710

Windsor
235 Eugenie Street West
Windsor, Ontario
N8X 2X7
(519) 966-0660

AREA OFFICES

Kingston
234 Concession Street
Suite 304
Kingston, Ontario
K7K 6W6
(613) 544-9682

Kitchener/Waterloo
151 Frederick Street
Kitchener, Ontario
N2H 2M2
(519) 576-4130

North Bay
128 McIntyre Street West
North Bay, Ontario
P1B 2Y6
(705) 472-5200

St. Catharines
Lake-Carlton Plaza
161 Carlton Street
Suite 201
St. Catharines, Ontario
L2R 1R5
(416) 687-8622

Sault Ste. Marie
369 Queen Street East
Suite 101
Sault Ste. Marie, Ontario
P6A 1Z4
(705) 942-3002

Timmins
Hollinger Court
100 Waterloo Road
Timmins, Ontario
P4N 4X5
(705) 267-6427

Long-distance callers may contact Board offices serving their area free of charge. For toll-free numbers consult your local telephone directory.